Natural Resources, Opportunity, and Global Justice

by

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This dissertation by John LaForest Phillips is accepted in its present form by the Department of Political Science as satisfying the dissertation requirement for the degree of Doctor of Philosophy.

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Foreword

When we are called upon to think about natural resources, we often think of fertile land, lush forests, mild climates, and seas teeming with fish. If pressed, we might also think of veins of ore twinkling with precious minerals and wet black soil rich in oil. One aim of this dissertation is to change this idyllic perception. If these descriptions were ever true, they no longer accurately describe the world as we know it and as we have made it. When thinking of natural resources, at the very least we ought to also be thinking of large drills boring ever deeper into the rock and massive dirt-stained yellow trucks with tires the height of two men carting exploded rock fragments down a mountain. We ought to be thinking of chemically enhanced landscapes, genetically engineered crops, fish farms, and carefully planted and harvested forests. We ought to be thinking of wind turbines, solar panels, nuclear fission, and hydroelectric power from dams and tides. We also ought to be thinking about the heroic efforts of men and women around the world who search, speculate, prospect, gather information, sift, drill, and spend vast sums of money establishing, defending, and investing in claims to natural resources. We should also think of outraged demonstrators and angry commodities traders, supertankers, global summits, back room deals, and fly-by-night smuggling operations. In sum, we should be thinking about individuals, states, and markets.

This dissertation is about the role natural resources play in liberal conceptions of global justice. In order to make a convincing case that some prominent liberal views about global justice are mistaken because of the way they treat natural resources, I will have to lay some groundwork. Chapter one defends the view that natural resources are in great measure social constructs. When we think of them, we should think of them as the product of sets of human relationships, not the product of natural processes. Of course they are both, but my contention is that the latter is not overwhelmingly useful for thinking about political theory and distributive justice.

Chapter two defends the view that the popular theory linking natural resources to low economic growth and other ills is really a theory about how certain sets of political and economic institutions fail to turn opportunities into good outcomes. Liberal views of distributive justice frequently rely on accounts about how natural resources impact institutions and outcomes in resource rich less-developed countries. Clearing the air is therefore a necessary prolegomenon to discussing the views of global distributive justice I will be critiquing. I will present the case that the human institutions shaping a country's resource endowment, rather than natural resources per se, are at the heart of the business of creating economic opportunity.

Chapter three dissects four prominent arguments linking natural resource inequalities to arguments in favor of global distributive duties and finds them wanting, in particular respect to way they think about natural resources.

The first argument links the arbitrariness of resource locations from a moral point of view to global distributive duties. I argue that some theorists have mistakenly confused the theoretical physical distribution of all natural resources on the globe for the actual distribution of natural resources that we know about and can exploit profitably. Once we are dealing with the actual distribution of known natural resources, the argument from moral arbitrariness is fatally weakened.

The second argument links current injustices in the international political and economic arena to a compensatory account of global justice. I argue that once we better understand the social processes that give rise to the production of natural resources, the argument for compensation loses some but not all of its traction. There are indeed injustices in the way the current international political and economic arena treats natural resources that requires urgent remedy.

The third argument contends that those countries that profited from past injustices involving thefts of natural resources owe compensation to those who were wrongfully dispossessed (or their descendents). I argue once again that once we understand the social processes that give rise to the production of natural resource commodities, the argument in favor of compensation for historical injustices is complicated, though not fatally.

A fourth argument grounds duties of global redistribution in an interpretation of Lockean property acquisition that I do not think can be reasonably sustained. Once we start thinking of resources as the products of sets of social relations rather than gifts from nature, the Lockean proviso appears to ground very different sorts of duties and in particular duties that would probably obligate sovereign states to allow more migration than they currently do.

Finally, in chapter 4 I attempt to makes sense of the successes and failures of these accounts by presenting my own view of what duties natural resource inequalities seem to justify. In each of the arguments examined in Chapter 3, the socially constructed origins of resource value seems to argue for a retreat from strong egalitarian duties in favor of a more sufficentarian account of global justice.

Problems of global justice are notoriously difficult to deal with for liberals accustomed to thinking within the friendly confines of relatively well-functioning Western domestic political institutions. Some liberals have made reference to liberal views on global justice as being somewhere between “irrelevant”(Kymlicka, 2001) and “embarrassing” (Lomasky, 2001). I hope this contribution helps correct this perception by grounding one liberal view in a more empirically and conceptually sound understanding of the relationship between natural resources and our social world.

However, this contribution is yet small. Natural resources also play a role in liberal views of intergenerational justice and private property. More work needs to be done to right the ship in those areas. Furthermore, natural resources are only one of many possible justificatory strands in a comprehensive theory of global justice. Need, equality, opportunity, and desert all compete for space in the many other dimensions that a comprehensive account of our global duties could be expected to have.

The rights argued for here may yet be defeated and overridden by more important concerns stemming from other justificatory strands. My claims here are only intended to specify the kinds of rights and duties we can expect to derive from the ways natural resources impact our political and economic environment. By and large, natural resource inequalities do not yield the strong egalitarian duties some had hoped they could. It is an open question whether other considerations might yet lead us to them. Resources inequalities, however, seem decidedly unpromising.

[Chapter I]

The Social Existence of Natural Resources

The primary aim of this chapter is to call the reader's attention to the extent to which natural resources are products of human action rather than purely gifts from nature. Natural resources have both a social and a physical existence. Of course, independent of our subjective perception, natural resources are the physical products of natural processes like sedimentation, photosynthesis, tectonic activity, or climate patterns – processes that human beings have little to nothing to do with. However, their impact on society is perhaps primarily dependent on factors of decidedly human, and frequently intentional, origin. The natural resources we can observe being traded and shipped all over the world are most often the products of human investment, technology, imagination, and institutions. Discovering their properties and the uses to put them to are also decidedly social processes affected by both cultural and institutional incentives. To be sure, there is some relationship between the social and the physical existence of natural resources, but that relationship is not as obvious as is frequently supposed. Sometimes we can observe social distinctions that have no basis in the natural world (the presidency of the United States). Sometimes also there are natural distinctions that don't seem to make any difference in the social world (nephrite vs. jadeite: both are considered jade). To ignore the social dimension of natural resources is to miss something key about what it means to be a natural resource.

Moral philosophy and political philosophy are not usually concerned with what is, but what ought to be the case. This frequently leads philosophers to widen the sphere of natural categories and distinctions that, in certain instances, ought to make no difference in our social world (for example: gender, age, handicap, socio-economic status, and so on). It also frequently encourages us to create social distinctions that do not track anything in the natural world (political institutions, property ownership, legal rights, offices, etc.) Being primarily concerned with how things ought to be in our social world however, moral and political philosophy needs an account of how things appear in our social world, and in particular an account about how natural resources become part of our social world. They need an account of how our "oughts" are realized. As Marx once said, the point is not to study the world, but to change it. In order to change it however, we have to understand something about how it operates.

A related thesis is that when thinking of natural resources - their effect on the world and the role they play in our normative theories – we ought to be careful not to mistake the way they enter our subjective political and economic world with the way they arrive on the earth as physical substances. The former "explanation" for their presence is replete with questions of responsibility and agency. The latter is characterized by moral arbitrariness. Of course, there will be topics of research where the physical genesis of natural resources is what matters. Most of the time though, the presence of natural resources in our economy will be both a function of morally arbitrary and potentially morally quite relevant factors. Even if we come to the conclusion that morally arbitrary factors are ultimately more causally significant than social factors in linking natural resources to social and political outcomes, ignoring and downplaying the morally relevant factors would be a mistake. In particular, it would show a lack of respect to ways individuals and societies deal with arbitrary factors, even if their maneuvering room is restricted by causal factors outside their control. Of course, I argue the opposite. Social and political factors are in fact frequently highly significant in determining natural resource values, quantities, and locations.

This argument has two major implications for the chapters that follow. The first is that if we view the distributions of natural resources around the world as gifts from nature, the results of chemical, climactic, biological, and geological processes, then we are likely to view them as givens whose production falls mostly outside of anything we can control. How we use them and what purposes we put them to is morally significant, but we can never claim to have any deep moral ties to them that would block them being put to better (more morally significant) uses than they currently are by a legitimate authority. The other is that we will tend to view them as constants dictated by nature rather than as variables to be discovered.

[Chapter I – Part I]

<u>Natural Resources: Towards a Definition</u>

People usually refer to natural resources with specific things in mind like oil, coal, water, or perhaps climate. The term resource has several dictionary definitions including: “something that can be used for support or help” and “an available supply that can be drawn upon when needed,” and “the total means available for economic and political development, such as mineral wealth, labor force, and armaments.” (American heritage Dictionary, 2000) Natural resources are frequently described as those resources available “out there” in nature, as opposed to personal resources like character and intelligence, or manufactured resources that can be further transformed for human purposes. Economists sometimes talk of natural capital as a complement (or substitute) for human capital and physical capital[1]. When most of us think about natural resources, we think of virgin land, oil and mineral resources, water, air, forests, and, perhaps more controversially, animals. Within a given time frame some resources are renewable and some are exhaustible. Translating into the language of economists, some resources are stocks and some are flows. Some stocks are feasibly recyclable, some are not. Those that are have some flow-like properties even though the law of entropy means that they are being used up over the very long term. Some flows are flows because of human activity (crops), some not (sunlight). In sum, there is considerable variation in types of natural resources. This makes it hazardous to talk about all natural resources in the same breath.

1 Natural capital can be defined as a stock of something that delivers a flow of goods and services into the future.

"Natural resources" in its ordinary usage is probably too wide a conceptual category to be handled coherently in one analysis. To be clear, I will not be talking about climate, geostrategic location, or biodiversity except where specified. I will focus on more mundane inputs into human economies. There is always some level at which some breadth must be sacrificed for some depth. For the most part, I will be studying those resources commonly conceived of as stocks rather than those conceived of as flows, if only because this is where my contribution is most controversial. Thinking at length about renewable resources, recycling, and energy generally yields a more dynamic view of the relationship between the economy and the environment. Renewability, despite the fact that all resources must succumb to laws of entropy sooner or later, seems to imply the possibility of human agency in the form of creativity, husbandry, cultivation, and stewardship. Non-renewable resources are not blessed with the same connotation. And yet when the efficiency of combustion engines is improved or more efficient methods of recycling metals are invented, the physical stock of oil and ores is increased, in the sense that the usefulness of the remaining stocks is enhanced. Indeed, in the case of recycling metals, the stock of ores acquires flow like properties since the rate at which the economic system dissipates metals has been reduced. The assumption that the resources we currently understand to be stocks will remain stocks has the potential to mislead.

Common parlance does not provide a neat way of distinguishing between the social reality of a resource and its physical reality. A resource may exist that nobody knows about. Conversely, people might believe very strongly in the existence of a resource that does not, in fact, physically exist, lending it a kind of social existence, at least for a time[2]. Judith Rees puts the point succinctly, “Resources are by definition an aid or means of support to the human species; they cannot be assessed other than through the meanings of values which people attach to them” (Rees, 1990, p. 12) They can be distinguished from mere substances, which, despite the fact that science is also a social process, rely far more on definitions rooted in their physical or chemical properties.

For instance, Bauxite is primarily a resource because of the Hall-Heroult electrolytic refining process, which made possible the commercial extraction of aluminum. Without this discovery, Bauxite is a mere substance and our cars are much heavier than they might otherwise be. Also without this discovery, aluminum continues to be frequently presented to Kings as gifts because of their rare occurrence in nature.

Aluminum, while abundant in the Earth’s crust, is only naturally occurring in volcano mud. Napoleon III was alleged to have thrown a dinner party where the most honored guests were given aluminum utensils, while other guests “only” ate with knives and forks made of gold. (Venetski, 1969) Of course, the importance of Bauxite as a natural resource may some day dwindle significantly. Aluminum is 100% recyclable without loss of its physical properties.

2 Sometimes, small market bubbles will be created as the word of discoveries spreads, only to pop when the claims of discoverers turn out to be vastly exaggerated or entirely fictitious.

[Chapter I – Part II]

The Ontology of Resources

What does it mean to say that a natural resource is socially constructed? In this section, I try to provide a satisfactory causal account for the natural resources we can observe. There are physical reasons natural resources are resources and there are social reasons. My contention is that when trying to come up with an account of what is and is not a natural resource, the anthropocentric explanation is almost always necessary, and frequently even more important than the physical one. We certainly cannot, by itself, trace a substance's status as a natural resource to its physical properties. This overly reductionist account is not uncommon however.

[Part II – Section 1]

Physical Aspects

It will not take much persuading to convince the reader that natural resources are tangible substances that possess a myriad physical properties. It should also be obvious to the reader that the use we make of these substances is limited by the physical properties of the resource. We cannot wish properties on resources or pretend that they are something else than they are. Sand will not power cars, nor will salt water. This is, of course, a shame because we have large and abundant supplies of each.

It should not be assumed that because the framework I develop suggests that the social world shapes our understanding of the natural world, that anything said here is incompatible with scientific essentialism of the ontological variety. I do not deny that there are natural kinds or natural processes. Clearly the distinctions between the chemicals are real and absolute. There is no continuum of elementary chemical variety which we have to arbitrarily divide into chemical elements. Chemicals are not like life. There are ways to objectively know when a chemical is hydrochloric acid. It is more difficult sometimes to know whether someone is alive or not. Hence, there are more lively debates about abortion and euthanizing the terminally comatose than there are about whether HCL is H_2SO_4. Indeed, there are likely to be a limited number of processes that are quantum mechanically possible in our world, given these natural kinds. Thus the claim is not that physical reality depends on language or perception.

[Part II – Section 2]

Social Aspects

(a)

Ontology vs. Epistemology

There is a philosophical literature primarily concerned with ontology that examines the ways in which our world is socially constructed. In international relations, it has already given rise to the constructivist paradigm where social facts about identity and perceptions are used to explain phenomena like military threats that were previously attributed to more objective measures of capabilities or seen as the product of more or less self-contained ideologies. I would like to insert this work into that tradition.

John Searle sets up a familiar distinction between observer-dependent and observer-independent features of the world. For him, “A rough test for whether a feature is observer-independent is whether it could have existed if there had never been any conscious agents in the world.” (Searle, 2008, p. 20)There is clearly a sense in which natural resources exist without there ever having been conscious agents in the world, and another in which they cannot. Gold is formed by geological processes independent of the consciousness of any being, but any gold that we observe in the world only exists where it exists as a result of conscious agents. This is distinct from questions of subjectivity. The fact that something is Au, rather than Ar or Pb is not a matter of opinion, but you cannot discover that something is gold without a conscious agent. Thus Searle distinguishes between epistemic objectivity on the one hand and ontological objectivity on the other. Epistemic objectivity is a feature of claims. “A claim is epistemically objective if its truth or falsity can be established independently of the feeling, attitudes, preferences, and so on of the makers and interpreters of the claim.” (Searle, 2008, p.21) On the other hand, ontological objectivity is a feature of reality. “Pains, tickles, and itches are ontologically subjective because their existence depends on being experienced by a human or animal subject. Mountains, planets, and molecules are ontologically objective because their existence is not dependent on subjective experiences." (Searle, 2008, p.21) The point of these distinctions is to note that social and political reality is observer-relative and thus possesses a high degree of ontological subjectivity. Something is a revolution, an election, or a terrorist attack, only if people think it is. The US presidency is ontologically subjective. There is no US president if no one believes there is one. However, the fact that Barack Obama is now president is epistemically objective, given the ontologically subjective construct that is the US presidency.

Turning to natural resources, we can see that the status of something as a natural resource is ontologically subjective, but epistemically objective. There is a truth about whether oil is a natural resource or not, but the fact that almost anything is a natural resource is observer-relative and hence ontologically-subjective. There are exceptions however. Food (fruit and vegetables for example), air, and water appear to be the kinds of natural resources that are ontologically objective in the sense that their status as resources is not observer-relative. Our need for them is not socially constructed in the same way as our desires for jewelry or trans-Atlantic travel.

Might we not say that resources are ontologically objective though? Oil is useful regardless of whether human beings are around. It would be usable by anyone or anything capable of making use of it. Perhaps a thought experiment can help make sense of our competing intuitions on the subject. Imagine yourself 200 years ago in 1805, at the dawn of the industrial revolution, when Napoleon defeated the Hapsburg and Russian armies at Austerlitz. What kinds of natural resources do you see around you? How plentiful do you feel this stock is? Now fast forward to January 1st, 2009? What has changed? Are there more resources or fewer? If we define natural resources as those physical substances we know about today that can be usefully transformed by human economies into commodities, then we would say that there were more natural resources then, before industrialization with its attendant transformation and consumption of natural capital. Since then, it could be argued, human beings by and large have depleted a fixed stock of natural resources (and have destroyed some that were renewable as well). There was more coal in the ground then, there were more acres covered in forest, more wild animals, more of any mineral to be discovered that you could care to name.

Thinking on the matter a little further, in the hour of Napoleon's greatest triumph, many things we would consider important resources today like petroleum, uranium, and titanium were either worth little or entirely unknown. Those resources certainly existed, in the sense that the substances were available for discovery, but as far as the Grande Armee or their enemies in the Third Coalition were concerned, they might as well not have existed. They were not social facts yet. Napoleon with nuclear weapons is not something the English could even fathom, much less be horrified at the thought of. The idea only makes sense from the perspective of the 1940's onwards. Conversely, spices and salt were among the most important food preservatives and antimicrobial substances available. Shortages of these, a realistic possibility at the time, would have been a serious problem for the belligerents in the Napoleonic wars, shortages that are relatively unimaginable today. Similarly, in the early 1800's whales were highly prized for oil used in lamps and wool treatment, the perfume fixative ambergris, and meat. Today, the idea of whales as an economic resource seems outmoded if not morally suspect.

There is a conceptual point to be made here. As far as we know, the resource base is not purely a function of what is "out there" in nature. It also encompasses three interrelated human factors: the knowledge base, technology, and organization. Without these things, resources cannot be rightfully said to have entered the social world in any meaningful sense, at least not yet. Even had the little corporal had access to uranium and known about its physical properties, he would still not have known how to turn it into a weapon.

In order for something to even be a natural resource, it has to be the case that human beings have come up with ideas about what to do with it and some means with which to realize that purpose. The physical world may be "out there," but only with the aid of social institutions and individual creativity can they be drawn upon to fulfill human purposes. There is not a whole lot about a substance that implies anything about the use we make of it. Oil does not imply the internal combustion engine, let alone cars. It appears to be a precondition for cars as we know them, but there is nothing about oil that will tell us whether we will be a nation of car drivers, motorcyclists, or bus and train riders. Indeed, we could know all about the internal combustion engine and choose to ride bicycles. Many individuals already do. Reducing our consumption of oil is precisely what many environmentalists intend for us to do. Growing food locally, manufacturing locally, and riding bicycles are integral parts of the plan to make oil socially less relevant.

(b)

Culture

Furthermore, cultural norms limit the ways we find it appropriate to think about using certain resources. In India for instance, it is much more difficult to think of cows as a resource in the same way as people do in Europe and the United States. Powerful cultural norms affect the development of knowledge and the construction of value. The debate over stem-cell research is another example. We can draw on many things as resources (child labor, slaves, rare animals) for many human purposes (prostitution, subjugation, degradation), but without a normative account of what counts as a legitimate resource and legitimate purposes, we are left with an impoverished account of the significance of resources. Natural resources exist within cultural frames of reference. The definition of a resource (something that can be drawn upon for human purposes) presupposes a social environment as well as a physical one. The physical properties of a resource will never change, but what we know of these properties and how we conceive of them in our social world can and does on an ongoing basis.

This observation leads us to the conclusion that the category of resources is a fluid one throughout space and time. A paradigmatic example of this is the case of jade. Despite two entirely different chemical compositions, both nephrite and jadeite have been generally accepted as jade by collectors and dealers alike. At first, there was resistance on the part of purists who only recognized nephrite as true jade, but eventually the somewhat easier to carve jadeite came to be recognized also as jade despite its entirely different chemical composition. How people perceive the mineral seems to be more important than what it is. To take another somewhat glib example, diamonds and coal share the exact same chemical composition, but a young lady is unlikely to accept a twenty-four carat lump of coal on a ring as a token of engagement. Granted the coal and the diamond have a very different history, geologically speaking, but to admit that the history of a thing matters regardless of its chemical composition comes very close to acknowledging that something's physical properties are not all that matter in determining something's social status. In a similar vein, for many, genetically engineered crops are not the same as normally hybridized crops despite looking exactly the same under a microscope. Today, it is up in the air whether diamonds grown in laboratories will be regarded as equivalent to those mined “naturally.” Indeed, the problem may be rendered moot if, as is increasingly the case, it is impossible for experts to tell them apart. And yet whether it be grown diamonds or GE crops it may well still be the case that it would matter to people if they found out their true history, even if they had no way of knowing by looking through a microscope. It would matter because for people, chemical composition and physical appearance are not all that matter[3].

(c)

Hindsight bias

If we consider the state of human knowledge and technology even two thousand years ago, most of the resources we know about today were not known. And of the ones that were known, many of them exist in much larger quantities today. This is not to say that many substances that are prized today were unknown in other ages, but as resources their potential had not begun to be exploited. Humanity's level of knowledge, technology, and social organization did not permit the uses for them that we have today. It could be said that the uses we make of them today were "implicit" in the substances two thousand years ago, but that fact was irrelevant to people then and seems irrelevant now. It would have been nice and useful to know then what we know now. I suspect it would be nice today to know what uses one could put resources to tomorrow that we are not yet aware of. The bottom line is that physical substances of the world do not have a teleology. Iron does not imply steel any more than steel implies cars. And yet frequently, perhaps because of the ongoing nature of production processes or the apparently implicit nature of our knowledge about

3 Of course it is still possible to argue that these are the only things that *should* matter, but that is not my concern here.

the world, it is often assumed that what we see today had to happen the way it did. In hindsight, many things are obvious that were unclear at the time discoveries were made and inventions conceived of.

[Chapter I – Part III]

The Value of Natural Resources

We have seen that there is some dispute about the factors that make something a resource and the sorts of things that make resources become relevant to our society. Sometimes resources really are gifts from nature, but other times, and I think we could say increasingly, resources are produced and shaped by a human element and our social environment. There is a similar dispute about the sorts of factors that give resources their value. Both physical and social factors are candidates. The impact of social factors is even stronger for value than for the existence of natural resources.

[Part III – Section 1]

Physical Considerations

It is certainly the case that the value of resources depends to some degree on their physical properties. If those properties were less useful, we could not do as much with them and to some extent we would spend less time looking for them and less money on acquiring them. Ethicist Herman Daly, for example, argues that "the value is added [by humans] to the matter/energy that is most capable of receiving and embodying it. That receptivity might be thought of as 'value added by nature.'" (Daly, 1998, p. 23) The upshot is that is a relationship between the value of a resource and its physical properties. Some resources can be renewed with the help of human stewardship and others cannot. This is also primarily a function of their natural properties.

Some will go further and assert that since there is a positive relationship between a type of resource and its value, those who are richer in natural resources are wealthier than those who are poorer. This claim is further dissected in chapter two and found to be wanting.

[Part III – Section 2]

Social Considerations

Since knowledge, technical skill, and demand are necessary preconditions for the existence of natural resources (but not, of course, for the existence of the substances themselves), this implies that the patterns of mineral exploitation, exploration, refining, and trade cannot be explained simply in terms of the physical endowments of various countries. Among other things, this pattern of resource exploitation can be explained by the study of how investment decisions are made.

An example of this is Jamaica's oil situation in the 1970's. While there were enough estimated reserves to fill 50% of the country's demand for oil at the time, Jamaica struggled to get financing for its relatively small fields. Those with capital and expertise in oil field development did not want to bother with Jamaica's reserves. Even when a venture is potentially profitable, its undertaking will depend on the rate of return of alternate uses of capital as well as the knowledge and biases of its owners. In the 1970's Jamaica did not rate as a worthwhile investment opportunity. Bauxite offers a different, but related lesson. The availability of a resource depends on the cost of extraction. The production of bauxite does not always occur where it is the most abundant. Vietnam allegedly has the third highest reserves in the world, but does not produce any. China is the second highest producer in the world, but does not appear to have significant reserves. This lesson can be generalized. Deep in the earth's crust there are quantities of many metals that make talk of exhaustion seem quaint, but getting at them seems hardly worth the cost, at least thus far.

In the context of a discussion of a proposed global resource tax, a political theorist like Thomas Pogge can innocently say things like, “The tax falls on goods and services roughly in proportion to their resource content: in proportion to how much value each takes from our planet.” Value is seen as something taken from the planet, not something created by human beings. Value is seen as something discovered, certainly, but ultimately inhering to the objects discovered like their weight or molecular composition, not something given to them by human beings in an ongoing process of social construction (and destruction). This said, it may not be easy to distribute credit to specific human beings, organizations, or institutions in rough proportion to their contributions. Nevertheless, it is not necessary to do so in order to posit that someone does deserve the credit. When we find someone dead with a gun shot wound to the chest, we do not need to know who fired the gun in order to say that the death was a homicide. Indeed, even if one could apportion credit roughly in proportion to causal contribution, that would not make it desirable to do so or to apportion the rewards from cooperation along those lines. In light of all this, it is difficult to say what, if anything, it means to "take value from our planet." Value is something we construct and discover. It changes from place to place and year to year depending on what we know and how we use our knowledge. Saying "The tax falls on goods and services roughly in proportion to how much we have discovered valuable things to do with resources" does not quite have the same ring to it, nor does it have the same moral traction.

For oil to be worth what it is worth, individuals have to come up with alternative competing uses for it, uses that have different values to different people. Hence, the value of resources is not independent of where and when they are discovered and used. Moreover, the value of a resource is not only fixed by the kinds of known things one can do with it, but also the framework of institutions that demarcates the limits of what one may permissibly do with them. On the view I am defending, oil is not only valuable because of the properties it has, but also because of the properties we have thus far discovered along with the technology that has been developed to harness it. Its value is also enhanced by the fact that there is a strong demand for the technology it enables. As environmentalists understand all too well, a taste for personal automobiles rather than public transportation drives up the demand for oil and exacerbates pollution. There are also many political and institutional factors that play into a market price, like taxes, subsidies, and regulations. In sum, the economic value of oil does not flow in any necessary way from its physical properties.

We assume things are valuable because they are useful, but their usefulness is frequently contingent on political and social constraints. Wars, recessions, or even times of plenty tend to change how we conceive of value, including the value of natural resources. War rationing leads us to value the scarcity of bread or butter, which would otherwise be abundant when so many resources are not being drawn away or bid up by the urgency of the war effort. If you find yourself in a besieged city, the artificiality of the value of natural resources is bound to hit home as you realize your gold and silver jewelry will not buy you much, if any, precious food.

The distinction I want to make will seem invidious to some, but it gets to the heart of my argument. Natural resources are not the same thing as the stuff they typically designate any more than say a person is a string of DNA. A person is at some level reducible to a string of DNA, but that is not the level at which we would study a person in order to understand their behavior or predict what they will do. Instead, natural resources embody a set of social relations that encompass and define the physical world. When we think about natural resources we have a tendency to think about the physical substance. However, physical substances do not speak for themselves. Oil only implies cars and airplanes because people like to drive and fly. They spend their money accordingly and even vote to fund the necessary public infrastructure to support hydrocarbon dependent technologies. Because they are in the background of our every day lives, roads, airports, and gas stations may seem like natural features of the world, just like the oil flowing to keep this infrastructure running. But in truth, neither the oil nor the infrastructure are implied by the existence of hydrocarbons and their chemical properties.

It is important therefore to distinguish between the resource as physical substance and the resource as social construct. Moreover, I think that in the public imagination a substance and human value added will frequently be conflated. Gold does not come in bars, and often isn't shiny or even visible in nature. The oil in barrels is not usually the same as what came out of the ground. Diamonds only really sparkle after they have been cut and polished. In truth, most people don't have much use for the tons of rock that might yield an ounce of gold, a few small uncut diamonds, or the crudest of crude oils. While these things can eventually be turned into engagement rings and petrol at the pump, the “everything in between” will be the difference between an ecstatic fiancée and a confused girlfriend or a smoothly running vehicle and a fuming pile of junk. What we imagine as raw resources is usually already the product of complex processes of production and the result of political and economic institutions that are far from natural.

[Chapter I – Part IV]

Knowledge and Uncertainty

There is a question related to the question of the existence and value of resources and that is the question of how we should think about natural resource scarcities. There are two major candidates: natural scarcity and economic scarcity. I do not believe that a thesis about the existence and value of resources can completely answer questions about scarcity. To answer questions about what to think of scarcity, one needs to add a theory about how knowledge is produced. How is one to know things like the physical limits of the earth's carrying capacity or the limits of energy production and efficiency? Two major views permeate the literature: an optimistic and a pessimistic view.

Ultimately, I argue that three aspects of human knowledge shape the existence of resources. A fourth helps shape their distribution. We have to know their properties. We have to know where to find them. Also, we have to know what purposes to put them to and how. Finally, the distribution of natural resources in terms of who owns them and who profits from them is going to depend on how the flow of knowledge, information, and knowhow is organized now and into the future. Since very few of these things can be definitively known, I argue that our policy toward natural resources is fundamentally about decision making under conditions of uncertainty. While by definition we cannot know what we don't know, it may be wise to leave space for what we don't know rather than assume that what we do know is the sun total of what there is to be known.

[Part IV – Section 1]

Resource Pessimism

The dominant view on natural resource discovery is that there is a fixed amount of “stuff” on earth and that progressively we are discovering and using larger and larger chunks of it. Pessimists believe that we are quite close to exhausting the earth's bounty of non-renewable resources. David Skrbina puts the matter succinctly: “After centuries of growth, we are beginning to reach the limits of a finite ecosystem to supply raw materials and to absorb pollution and waste. Limitless growth is a physical impossibility on a finite earth.” (Skrbina, 1997, p. 145)

In this day and age, papers on the effects of environmental scarcity sometimes start with sentences like this: “Within the next fifty years, the planet's human population will probably pass nine billion, and global economic output may quintuple. Largely as a result, scarcities of renewable resources will increase sharply. The total area of high-quality agricultural land will drop, as will the extent of forests and the number of species they sustain. Coming generations will also see the widespread depletion and degradation of aquifers, rivers, and other water resources; the decline of many fisheries; and perhaps significant climate change." (Homer-Dixon, 1994, p. 5) These kinds of statements are frequently taken as axiomatically true, the departure point for further theorizing or hypothesis testing.

While they may not be axiomatically true, they nonetheless express something very plausible about our relationship to the planet and that is that surely at some point non-renewable resources must run out. Ever since the age of Thomas Malthus, we have had periodic worries about resource exhaustion. As far back as 1761, natural philosopher Robert Wallace made a familiar sounding claim:

> *"Now since philosophers may as soon attempt to make mankind immortal, as to support the animal frame without food, it is equally certain that limits are set to the fertility of the earth; and that its bulk, so far as hitherto known, hath continued always the same, and probably could not be much altered without making considerable changes in the solar system. It would be impossible, therefore, to support the great numbers of men who would be raised up under a perfect government; the earth would be overstocked at last, and the greatest admirers of such fanciful schemes must foresee the fatal period when they would come to an end, as they are altogether inconsistent with the limits of that earth in which they must exist" (Wallace, 1761)*

Thomas Malthus, a generation or so later, expressed the same concern in *An Essay on Population*. He thought that population growth would outstrip the carrying capacity of the land by the mid-nineteenth century. Concerns about resource scarcity relative to population have been a recurring theme in scholarly literature. in 1974 Paul Ehrlich could write “energy shortages will be with us for the rest of the century, and that before 1985 mankind will enter a genuine age of scarcity in which many things besides energy will be in short supply.” (Ehrlich and Ehrlich, 1974, p.33) In 1994 Brown and Kane remarked that “From 1950 to 1984, world grain production increased annually by 2.3%. From 1984 to 1993 it increased annually by only 1%. But the rate of population growth exceeds the growth rate of crop yields.” (Brown and Kane, 1994)

Historically speaking, pessimists will point out, it seems clear that the economic fate of civilizations has been closely tied to their ability to manage natural resource scarcities: particularly land and forests. H. Jeffrey Leonard summarizes much of the best available theories for why certain societies succeeded or failed and notes the important role of resource management. In the collapse of the Mesopotamian, Mayan, Inca, Aztec, classical Greek, and Roman civilizations he finds evidence of soil erosion and deforestation to be significant factors in their political development and eventual decline. (Leonard, 1985, pp.24-35) In other cases, like England and Holland just prior to the industrial revolution, Leonard believes that scarcities in natural resources (Wood in the British case, arable land in the Dutch case) led to early industrialization and growth promoting trade strategies. Pessimists are not therefore insensitive to variations in institutional quality, for example, but unfailingly the success of any civilization is tied to how it deals with natural resources. Moreover, as Western civilization and its natural resource consumption patterns go global, growth is unsustainable. We will come up against physical limits and probably sooner rather than later at the rate we are going. In other words, pessimists focus on absolute physical scarcity and worry about the consequences of not preparing for the impending catastrophe.

[Part IV – Section 2]

Resource Optimism

The attractiveness of this the pessimistic logic is undeniable, but just as Malthus could not foresee improvements in farming and substitutions of food in our diet based on scarcity in the 1830's, the optimist claim is that no one could have foreseen the technical developments of the past twenty years, or those of the twenty years prior, and so on. While on the pessimist claim, the outcome is inevitable, for optimists projections of impending doom suffer from a bias against innovation and a tendency to see the current knowledge base, organizational structures, and technologies as constants. To that degree, optimists rely on the idea that even natural resource scarcity is in great measure socially constructed. Rather than focusing on observations of current physical scarcities and comparing them to trends in consumption, optimists rely on measures of economic scarcity. Economic scarcity is primarily dictated by supply and demand, or in other words: prices.

Optimists believe that with the aid of technology we can actually recover a much larger chunk of the earth's resources than previously assumed, potentially ad infinitum down into the Earth's crust. For instance, Wright and Czelusta claim:

> *"The more that is learned about the effects of deposit features on "discoverability," with the information gain that occurs from continued exploration within regions, the more it is evident that the potential for expansion of the resource base—the economically meaningful concept of mineral resource endowment— is vast if not unlimited. Contrary to long-entrenched intuition, "nonrenewables" can be progressively extended through exploration, technological progress, and investments in appropriate knowledge. We suggest that such processes operate within countries as well as for the world as a whole." (Wright and Czelusta, 2007 p. 35)*

It is plausible, as scientist and CIO for the World Resources Institute Allen Hammond says, that "Increasing sophistication in the design of materials at the molecular level implies the ability to develop entirely new methods of meeting human needs and to engineer around the shortages in many minerals." (Hammond, 1997, p. 442)

In its extreme form, the optimist view states that because all matter is a function of energy and that energy on a human scale is theoretically unlimited, so are resources, whether they be "natural" or otherwise. Proponents of this view include environmental ethicist Mark Sagoff and economists Robert Solow and Gary Becker. Limitless energy (on a human time scale) from the sun or from nuclear fusion could probably ensure the transformation of many substances at the molecular level in order to meet our needs.

Mark Sagoff notes that,

> *"When two hundred Pilgrims came to North America in 1620, half of them died in the first winter of cold, starvation, and disease. Today, perhaps 20 million Americans live in New England. Has the resource base grown five orders of magnitude? No what has changed, according to the mainstream position is the knowledge base. Resources, indeed, are simply functions of knowledge or technology in this view. As knowledge increases, so also resources increase, for we learn to make productive what is plentiful, for example by turning sand into computer chips." (Sagoff, 1997, p. 35)*

Substitution effects are particularly important. At some point it was noted that fiber optics were more useful than copper for telecommunications. It is true in some sense that fiber optics were more highly receptive all along, but until this was discovered, for all most people knew, copper wires were the means for placing a phone call from New York to Paris, along with a rotary phone and an operator. Professor of environmental science and forestry Thomas Lee makes a similar point: "Resources themselves are a function of technology. The more advanced the technology, the more reserves become known and recoverable." (Lee, 1989, p. 116) Even how renewable a resource is depends in part on our knowledge and ability to manipulate the natural processes of regeneration. Crop yields can improve, as can the science of forestry, pisciculture, animal husbandry and so on. Oil and natural gas may be the products of millions of years of sedimentation and tectonic forces, but reasonable renewable substitutes (ethanol from corn for example) are being experimented with.

For extreme optimists, all that is really needed for human flourishing is human ingenuity and some supply of energy. According to economists William Nordhaus and James Tobin, “In the aggregate resources are infinite, that when one flow dries up, there will always be another, and that technology will always find a way to exploit the next resource.” (Nordhaus and Tobin, 1997, p. 52) One does not have to be an optimist about the future however to recognize the crucial role played by human knowledge and technology in the past in defining and shaping the contours of resources. The optimist position requires a further faith in our ability to continue to find ways to substitute and transform resources to meet the challenges of the future. Even without this faith, a rational maximizer would not assume that technology and knowledge will stay the same. Of course, lacking constants makes prediction almost impossible.

Optimists argue that for all the talk of an age of scarcity, there are almost no examples even within countries of mineral resource production diminishing over any recent period. The reason, according to Wright and Czelusta is primarily that resources discovered in different parts of the world stimulate the discovery of different kinds of production and extraction processes that in turn can be applied to enlarge the domain of what was previously thought to be the limits of production capacities all over the world. This knowledge can then be used in countries where resource extraction had thought to be more nearly exhausted. Economist Julian Simon argues that population growth actually tends to be the solution to the problem it poses. After all, one in a million chances of finding a solution are far more likely in a world of 10 billion than in a world of 6 or 4 billion. Moreover, rising levels of education seem to improve the odds further, all the while slowing population growth.

Pessimists respond by pointing to the fact that, as every mutual fund prospectus is required to highlight, past returns are no guarantee of future performance. At some point physical scarcity must become a factor, at least for non-renewable resources and even eventually for many renewable ones. The fact that we do not yet know how we will overcome problems that we know are on the way (like population growth and its attendant growth in consumption) should give us reasons to be cautious, just in case this time we really do hit the limits of the Earth's carrying capacity. Merely because we have been irresponsible and gotten lucky in the past does not mean we should continue to be irresponsible. Our good fortune may run out.

[Part IV – Section 3)

Decision-making Under Uncertainty

Broadly speaking, I do not believe we have reasons to endorse either the optimistic or the pessimistic account. Instead, we should admit that there are many things we do not know, and plan accordingly. The most the account of natural resources we have sketched thus far can tell us is to pay attention to the ways society can incentivize conservation, efficiency, invention, and discovery.

There is always going to be uncertainty about the completeness of our knowledge about the physical properties of natural resources, the uses that they might be put to, the technologies capable of extracting them, and the tastes and preferences of consumers. Broadly speaking, there are things we know, things we know that we don't know, and things we don't know that we don't know. If we take the social construction of resources and their value seriously, we should admit that we will never know that we know everything about a resource and the uses it might be put to. In this there is both space for optimism and pessimism.

This is not a story about relativism applied to the sciences. The claim is not about the kinds of scientific knowledge we can have, but principally about the kind of knowledge we can have about what we don't know. The fact that we don't know everything there is to know about the physical world and the claim that we ought not to behave as though we do when we build our institutions is not related to any claim about how knowledge is produced in the physical sciences relative to the social sciences. The claim "knowledge is never final and is always revisable" is quite distinct from the claim "there is no objective reality." The claim is twofold: 1) that the kinds of things we have knowledge of today are not, by themselves, going to be able to suggest the parameters for thinking about institutions or public policy and 2) inevitable uncertainty suggests we must pay attention to the relationship between social organization and resource production and discovery.

This seems like a relatively trivial claim, yet purported facts about the properties and quantities available of various natural resources are constantly used to emphasize a phantom management problem of natural resources. If we had knowledge of all the natural resources, all their properties, all the tastes and preferences of individuals today and in the future, and all the alternative uses we could put resource to now and forever into the future, then scientific management of resources would be possible, given enough computing power. Since we do not any of these things, and we cannot know them even in principle, dealing with natural resource scarcity is not primarily a scientific management problem, but rather a problem of decision-making under uncertainty.

More than anyone, Friedrich Hayek called the problem of organization of knowledge to the attention of social theorists. In his 1948 article, "The Use of Knowledge in Society," Hayek argues: "The economic problem of society is thus not merely a problem of how to allocate "given" resources – if "given" is taken to be given to a single mind which deliberately solves the problem set by these "data." It is rather a problem of how to secure the best use of *resources known to any of the members of society for ends whose relative importance only these individuals know*."[emphasis added] Part of the problem is to discover the value of resources by ascertaining their relative scarcities and the other part is to discover their relative importance to individuals, given their budgets and preferences. In these two senses, the social existence (and value) of a resource depends only in limited fashion on its physical properties or the actual distribution of natural resources across the earth. Instead, it depends to a large extent on what a myriad of individuals desire and can afford, what resources entrepreneurs know about and can discover, and how efficient the economic system is at limiting transaction costs.

[Chapter I – Part V]

Moral Arbitrariness Revisited

One familiar argument in political philosophy is that individual holdings can be invalidated by the arbitrary nature of the major causes for those holdings. One is only very weakly entitled to a five dollar bill picked up on the street, but rather more entitled to the fruits of one's labor. Similarly, stumbling upon some valuable natural resource appears to generate weaker entitlements than creating some brilliant time-saving invention. It appears that if natural resources are in fact consequences of productive endeavors, entitlements to their fruits are stronger than previously assumed.

Granted, not all resources are created equal in this respect. The Nile River is very different from the oil fields under the North Sea. The Nile is an ancient and well-known natural resource largely indivisible and held in common for large agricultural populations in Africa, while discovering oil fields under the sea requires expert analysis of expensive geological surveys and even costlier exploratory drilling that only a few organizations in the world have technical and financial wherewithal to carry out. There is nothing morally arbitrary about the emergence of the latter kind of resource in our social world. While the existence of oil-fields under the North Sea is an observer-independent fact (they would be there regardless of our knowledge of them), their extraction and integration into the economies of the UK and Norway is dependent on highly ontologically subjective facts. Charles Beitz says: “There is no [...] initial presumption against interference with the use of resources, since no one is initially placed in a naturally privileged relationship with them.” (Beitz, 1979, p. 140) The truth of the statement depends on what we mean by “initially placed.” Certainly, the resource does not come into physical existence attached to any particular person (at least not usually, though fish farms, artificial forests, and “grown” diamonds all might fit this description). However, it appears that in order to enter the social world and acquire significance and value, natural resources must be placed in a “relationship” (for want of a more specific word) with some human beings and not others. Two options are then possible. One could deny that the point of entry into the social world has any moral significance at all. Or conversely, one could specify that at least under some conditions, who brings a resource to this point of entry has moral significance. At that point, perhaps there are some more privileged relationships than others. One does not have to hold that Nozick’s historical principles of entitlement are all there is to say about distributive justice in order to concede that history has some moral weight and that in at least some cases there are good reasons to privilege certain relationships between people and resources.

It can be argued that there is an element of luck in the fact that people were born at a time and in a place where they could make the discoveries that they did in fact make, and imagine the uses for resources that they did in fact imagine. If they hadn't, is it not plausible to think that someone else might have? If so, contingency is unavoidable. My argument, one that I develop further in the third chapter, is that the relevant datum is not whether there was some luck involved, but whether the people actually supply the necessary inputs that would warrant a claim of ownership. By analogy, the meeting of a man and a woman is often a chance occurrence. No one would say that their eventual marriage and the experiences they share together are tainted by the arbitrariness of their initial encounter (though I suppose someone could make that somewhat counterintuitive argument). Few would say that the fact that things could have happened differently and they each could have lived equally happily with different spouses had the encounter not occurred requires some compensation to all those who lost a potential spouse at the moment they tied the knot. The point is that they in fact did make something meaningful out of a chance encounter and that it is what they did that deserves its due, not the foregone potentialities of other possible worlds. What might have happened is always interesting to think about, but it does not appear to diminish the value of the bond established or the respect that we owe it.

Furthermore, the world we live in now is in great part the product of human inventiveness and creativity. This contrasts perhaps with the world of 1500, where the fate of individuals could in large part be said to still be heavily dependent on the weather, diseases, and other arbitrary features of the natural world. This is the world where Jared Diamond could say, “This very unequal distribution of wild ancestral species among the continents became an important reason why eurasians, rather than peoples of other continents, were the ones to end up with guns, germs, and steel.” (Diamond, p. 162) Since then, however, and perhaps even more so since the industrial revolution, the reasons for civilizational success have shifted away from the natural and arbitrary, to the artificial and institutional. In particular, institutions where innovation is rewarded have reaped the lion's share of economic gains. This is a case that I make in further detail in chapter two. It is perhaps no accident that Diamond ends his inquiry in around 1500, around the time economists and historians like Douglas North and Barry Weingast tend to begin their study of the changes in political and economic institutions that set the stage for the industrial revolution.

Prior to 1500 A.D.[4], it was excusable to think that the survival of many (and the flourishing of a few) was made possible primarily by natural accident. Upwards of 90% of the world's population was engaged in agriculture and the great difficulty in trading foodstuffs made it such that everyone was highly vulnerable to changes in climate and soil quality. Mobility was restricted to the very few. In the language of economists, transaction costs were high. By and large, all the available opportunities were local. If the area someone was from

4 A highly arbitrary cutoff point, but one that makes the exposition easier than pointing out the gradually waning though episodically still significant influence of natural factors on human economies.

was not particularly blessed by nature, it was very difficult to change one's circumstances. Hygienic standards were such that infectious diseases (viral, microbial, and bacterial) ran rampant. Under these circumstances, environmental determinism is at its most plausible.

However, for reasons that scholars still debate, at some point transaction costs began to fall. Changes in the intellectual climate, legal institutions, and productive technologies sparked increases in trade (or at least the costs of not trading) and set a process of division of labor in motion that would, in fits and starts, eventually spread to the unlikeliest reaches of the world. Living standards rose along with wealth, health, and liberty. This is a stylized story, to be sure, and for many it was not a happy one, but that is not the focus of my argument. At some point (and at what point is still debatable), it became clear that features of the natural world like climate and proximity to natural resources no longer served as a hard limit on the opportunities most people faced. In fact, they never did. A serf in a feudal system could be forgiven for believing that the natural order of things placed him in an immutable position of servitude. In reality, of course, it was specific economic and political institutions that kept him in his place.

Another key feature of a world where institutions do not provide incentives for economic growth is its relative predictability. In a world where many people live at the mercy of the land and weather, change is both slow and dangerous. This is brought out by books like James Scott's “The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia." There is a social logic to trying to make the world predictable when taking on risk is difficult and the margin for error is thin enough that small mistakes can result in great hardship. The historically unprecedented pace of change since the industrial revolution has become almost too banal to mention. But unlike the weather or the movement of crusader armies, change is fraught with uncertainty. Either the crop will be good or it will be bad. Either Richard III will attack Jerusalem or he won't. In a reasonably steady state world, there is considerable risk but low uncertainty.

On the other hand, a relatively interconnected world is one that distributes risk quite well (the recent financial crisis notwithstanding), but where uncertainty is pervasive. If crops fail in one place, they can be shipped in from somewhere else. Globalization has meant diversifying our sources of risk and generally this has been a good thing even though when massive failures happen, interconnectedness means that they happen on a global scale. On the other hand, what will be the next invention that will transform the world in the way cell phones and computers changed entire patterns of living in the 1990's? The world we live in today is not as predictable. In many cases we do not know what options we will face a few years into the future. The job we will have in five years may not exist today. The job a serf had in 1100, was probably the job he would have in 1300, 1500, and maybe even 1700 with the same sets of certainties and concerns. Today one can make guesses about what the future holds, even educated ones, but by its very nature, creativity is unpredictable. As former financial analyst turned scholar Nassim Taleb points out, "If you could predict change (in the market), you would already have the elements in your hand to bring it about." At the very least, correctly predicting change would mean that the prices of current assets would always perfectly reflect their streams of future revenues. This is what Hayek meant when he argued that the market was a discovery process: the future is not implicit in the present. Knowledge needs to be discovered. The fact that many changes in the past fifty years have come as a surprise even to self-styled experts is testimony to the uncertainties of the world most Westerners live in.

This brings us to what is perhaps a counterintuitive insight. Creativity is not usually held to be morally arbitrary even as it is frequently the result of serendipity. We often give credit to creativity even though it was not intended or planned except in the loosest sense. One response might be to deny rewards to creative individuals on the basis of the fact that all they did was get lucky. But from a consequentialist point of view this is probably the wrong incentive structure. Even from a deontological perspective, it would seem that we treat people with more respect when we give them credit for the results they bring about than when we dismiss these results as the mere product of arbitrary positioning. What would we say to the man or woman who breaks up a marriage by alienating the affection of one of the spouses if they responded to our indignation by dismissively treating the marriage as the result of a chance encounter or the unremarkable consequence of two human sized bags of chemicals and flesh coming into close proximity? The word "brainchild" vividly describes how some people feel about the projects and ideas they sink their lives into and whose successes they frequently stake their livelihoods and reputations on. We do not show proper respect for these projects and the sacrifices necessary to achieve them by dismissing them.

Perhaps it is not the case that all societies can or should promote opportunities for luck in this way, but the rewards are likely to be high. I will say more about the relationship of luck to ownership of natural resources in chapter three, but I think it is clear that while there is a significant amount of luck that goes into shaping our lives, not all that arises from luck is morally arbitrary, and in particular when it comes to natural resources, the position of many people today is not solely or even primarily shaped by chance, but rather by individual actions and social institutions whose arbitrariness is not as complete as the distribution of physical elements on the planet. At the very least, once physical substances have become resources, the arbitrariness of our relationship to them, if it exists, is of another more familiar kind: it is an arbitrariness in the distribution of talents or the randomness of being born into a rich society rather than a poor one.

[Chapter I – Part VI]

Resource Abundance Revisited

The resource curse has almost become a household name. Many scholars refer to the idea that natural resource abundance leads to social ills like slow economic growth, poor governance, and civil conflict as one of the few established facts in social science. While there is a growing controversy about the direction of causation, there is a prior philosophical question here. In what ways can natural resources be described as causes for social phenomena? After all, what is it that natural resources do? Natural resources do not act, they do not move by themselves, they are not valuable in and of themselves, and their purely physical attributes do not appear to directly imply anything about the social world without significant human intermediation.

Natural resources are causes in both similar and very different ways than other kinds of natural phenomena. If a landslide prevents my taking the road to Tahoe for a skiing vacation, the landslide has caused my delay. The reason the landslide is a cause worth thinking about is that it covered the road I wanted to take with mud and debris. If it had knocked out a few trees in the middle of some vast forest, it probably would have had no effect on the human world. The landslide's status as cause of my delay is relative to the fact that I had somewhere to go (purpose) and a specific road I wanted to take in order to get there (means). Without a frustrated purpose/interest or a frustrated means, the landslide is not a cause relative to anything in my life. In this way, landslides and natural resources are similar. Let us say that a gold deposit under my property could potentially cause me to become quite wealthy. If I don't wish to be very wealthy (purpose) nothing forces me to develop this resource. If the technological wherewithal to develop the mine is inextant (it is A.D. 1250) then I cannot become wealthy as a result of the gold (means).

There is one significant way in which gold deposits differ from landslides however. Gold deposits do not usually just impinge upon one's life randomly and on their own. One can have land slides that aren't induced by human beings, but one cannot have a gold mine (or an oil well) in this day and age without substantial inputs of human labor and capital. The vein needs to be discovered, geologists hired, explosives bought, mines drilled, miners hired, investors persuaded, authorities bought off, transportation secured, buyers negotiated with, environmental externalities cleaned up, and possibly even a small city built, along with countless other tasks great and small. If everything falls more or less right and the price of the commodity is at the level expected, money could conceivably be made off the venture.

Now if you learn that someone detonated a stick of dynamite to launch the landslide that buried highway 80 and prevented you from going to Tahoe, you might no longer attribute your delay to the landslide. Nor would you attribute your delay to the stick of dynamite, but presumably to the agent who lit the fuse. The odd thing is that when it comes to natural resources, sometimes we blame the landslide (or the gold mine, oil well, or rubber plantation), rather than the people and institutions who bring them into existence.

A theory of causation that puts natural resources as the independent variable is probably only appropriate when we are dealing with natural kinds and when the causal processes involved in their actions and interactions can reasonably be supposed to be displays of the intrinsic causal powers, capacities, liabilities, and so on of these kinds of things. (Ellis, 2001, p. 184) One cannot assume that underlying the way natural resources affect the social world there are any underlying natural processes whose natures are out there to reveal, even if there do exist physical properties these substances have at all times and all places. Nevertheless, the social causes of resource quality and abundance need to be explained and require justification in a way that sedimentation and arbitrary facts of geography do not.

[Chapter I – Part VII]

Conclusion

The account of causation presented in this chapter puts institutions and people at the center of accounts about how natural resources become part of our social world. This contradicts the more intuitive model that it is natural processes that give resources their social significance. The account presented here is compatible with there existing natural categories and natural processes independent of human cognition or agency. Social construction need not occur in a material vacuum. This account is also compatible with both optimistic and pessimistic views about where we are in terms of global natural resource scarcities. I argue that the social roots of many important natural resources in our modern world should lead us away from viewing natural resources as a scientific management problem and further towards viewing them as a problem of discovery and adjustment under uncertainty. The sooner this is recognized, the better the social problems arising from resource scarcity and inequalities are likely to be addressed.

The following chapters expand on two insights touched upon here. Chapter two examines the literature on the resource curse and concludes that while natural resource abundance can be a problem for developing nations as much of the literature suggests, frequently institutions of extraction, patterns of ownership, and societal norms socially construct natural resource abundance in ways that are inimical to development, and in particular turn abundance into dependence. Chapter three reviews prominent arguments in political theory that link natural resource inequalities to a case for global redistribution of wealth. I argue that what is truly arbitrary is the physical distribution of physical substances, not the pattern of discovered natural resources we observe today. Once we understand this distinction, notions like nations collectively owning resources located on their territory and active monetary compensation for undeserved resources begin to lose some of their appeal.

Chapter 4 tries to provide an account of global justice that takes institutions and individual agency seriously and balances the moral necessity of respecting producer rights, claims of sovereignty, and the claims of the needy and marginalized.

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[Chapter II]

Political Development, Economic Growth, and Natural Resources

This chapter seeks to make the case for several related empirical hypotheses about the relationship between natural resources and economic and political development.

1) Sustained economic growth is best explained by the quality of political and economic institutions.

2) Weak political and economic institutions are not always endogenous to resource wealth

3) Frequently, resource dependence is a symptom rather than a cause of weak political and economic institutions.

4) Public ownership of natural resources has contributed to poor quality political institutions and therefore has not been conducive to economic growth.

The case for these propositions is made through a review of the available literature and a case study. Admittedly, low sample sizes and complex interaction effects make it difficult to distinguish between systematically caused country performance and a random walk. Plausible hypotheses and limited reliable data (perhaps 30-40 years) are all there is to work with. If some countries had a bad 30 or 40 years mostly because of bad luck, the literature may have discovered patterns in the noise that aren't meaningful.

I use the evidence presented in this chapter to make normative arguments in the subsequent chapters. If the reader feels that the evidence does not support, or does not yet support, the conclusions relied upon, then the subsequent analysis should be treated as conditional and therefore revisable. Receipt of new information should always provide the basis for updating some of our normative conclusions.

I chose to examine the case of the DRC in more depth because it appears by all accounts to be a poster child for resource-based institutional decay. However, the evidence fails to support this claim. Instead, the evidence appears to support an account of institution-led resource dependence. The case also seems to provide some support for the thesis that private domestic ownership of resources is compatible with competent government administration of a developing economy and that a switch to public ownership was accompanied by a serious deterioration in economic performance.

[Chapter II – Part I]

Institutions and Economic Growth

The literature on economic growth, sometimes called “growthology,” has a long and mixed history. For a time, economists thought physical capital accumulation was the key to economic development, then they thought human capital was the key. Import Substitution Industrialization (ISI) was in vogue for a while, as was the so-called “Washington Consensus.” Of late, political institutions have emerged as the leading candidate for providing the best explanation of long-run economic performance. Scholars as heterogeneous as Hernando de Soto, Robert Bates, Jim Scott, Daron Acemoglu, and Douglas North have identified institutions as the key to unlocking the secret of growth.

The most likely explanatory factor for sustained growth is institutional quality. For example, in 2005 the World Bank published a brief noting that, “Scholarly research and policy making circles increasingly view poorly functioning state institutions as the root cause of Africa’s development problems, and believe that solutions are to be found within the state itself and political institutions that link the state and society (Davidson 1992; Chege 1998; Herbst 2000; van de Walle 2001). Of course, institutions are not all that matter, but increasingly they are seen as the key to unlocking the secret of economic performance.

The World Bank’s Commission on Growth and development has commissioned a series of working papers detailing the state of the art of academic thought on growth. In one such paper, Daren Acemoglu and James Robinson sum up empirical research on the link between institutions and growth and find that “*institutions*, also very broadly construed, are the fundamental cause of economic growth and development differences across countries” (Acemoglu and Robinson, 2008, p. 1) They consider it relatively well established that higher levels of corruption, barriers to trade, insecure property rights, poor quality schools, and so on correlate strongly with poor economic performance. All of these appear determined by domestic political institutions.

This is insufficient to prove the direction of causation however. It could be that economic growth or success drives improvements in educational institutions, property rights protection, and so on. What is needed is “to isolate a source of exogenous differences in institutions, so that we approximate a situation in which a number of otherwise-identical societies end up with different sets of institutions. European colonization of the rest of the world provides a potential laboratory to investigate these issues.” (Acemoglu and Robinson, 2008, p. 3) The partition of North and South Korea as well as East and West Germany provide other natural experiments to test the proposition that institutions matter. Acemoglu and Robinson find robust result in all these cases. Where Europeans settled and set up institutions for the benefit of the colonists, economies tended to flourish. Where the Europeans did not settle and instead set up extractive institutions to repatriate profits and resources, economies stagnated. The fates of former colonies like Canada, the United States, Australia, and New Zealand thus differed markedly from the fates of countries in sub-Saharan Africa and Asia. The fates of East vs. West Germany and South vs. North Korea provide further highlights of the impact of institutions on growth in otherwise similar societies that started with similar levels of education, physical capital, and all the other previously implicated variables.

Behind many growth tragedies, particularly in Africa, there is a consensus that politics has played a serious role in turning “Africa” into a dummy variable in cross-national regressions attempting to explain economic growth. Africa’s woes are so severe that just being in Africa is sufficient for a country to bias an estimator in a regression analysis. Even controlling for all other possible explanations including openness, fiscal restraint, market distortions, and financial depth, simply being in Africa comes us as significant in a variety of Solow growth models, Barro growth models, or endogenous growth models. Bates and Humphreys argue that political elites not only gain private advantages from remaining in power, but also inflict public damage in order to remain in power. (Humphreys and Bates, 2005, p. 5) Democracy (in the form of electoral accountability) improves matters little. Indeed, they find that it can worsen growth outcomes, perhaps because non-distortionary economic policies do not appear to satisfy electorates in Africa. This is not out of line with the standard political science take on democracy and economic growth in low-income countries, where it appears that there is no difference over the long run between the performance of democracies and dictatorships at low levels of income (though there is one at higher levels, with democracy faring much better) (Przeworski et al, 2000, p. 271).

If both dictatorships like Singapore and Taiwan and democracies like Japan and Malta can grow spectacularly over the course of 40 or 50 years, quadrupling their GDP per capita, but institutions appear crucial in development, then we are forced to look deeper than electoral politics (or the lack thereof). One possible explanation comes from Peruvian economist Hernando de Soto. De Soto's work on property rights vividly illustrates much of what is wrong with third world legal systems. De Soto argues that access to the legal economy in many parts of the developing world is far too costly for most of its inhabitants, thus leaving vast swaths of the economy to the vagaries and uncertainties of the illegal economy. According to an experiment run by de Soto's team in Peru, opening a small garment factory in Lima took 289 days, at 6 hours a day, to register the business at a cost of $1,231, 31 times the monthly minimum wage. Getting a license to operate a small bus, jitney, or taxi took 26 months. (De Soto, 2000, p.20) These experiments were repeated in the Philippines, Haiti, and Egypt to similar effect. In the illegal economy, entrepreneurs can neither secure adequate credit, realize economies of scale, nor rely on stable contract enforcement. Moreover, the lack of property rights registration means entrepreneurs cannot borrow against the capital they have, rendering it effectively "dead." In particular, the problem of registering illegally built dwellings looms large since many entrepreneurs use their home equity as collateral to start a business.

De Soto was not the first or the only one to highly property regimes as the key to growth. Douglas North (1990), Barry Weingast (1993), Borner et. al. (1995), Olson (1996), and the World Bank (1997) all reached the conclusion that a government's ability to credibly commit not to interfere with private property rights is a sine qua non of obtaining the long term capital investments required for a country to experience sustained economic growth. Some of these theories were mathematically formalized, for example by Dornbusch (1991), Murphy et.al. (1991), and Rodrik (1992, 1993). Empirical testing followed by Knack and Keefer (1995), Mauro (1995), Clague et.al. (1996), Barro (1996), Sala-i-Martin (1997), Keefer and Knack (1997), and Henisz (2000) all using indexes of country risk compiled by the International Country Risk Guide (ICRG) or other measures like the presence of veto points in the political process. All of these empirical studies found what they were looking for: perceived credible commitment seemed to correlate quite well with economic performance.

At this point, few economists seem to doubt that institutions are the key to understanding economic growth, even if the mechanisms are contested and the policy solutions are not obvious. How does one stop corruption or convince investors that this government will be different from past ones? More generally, what makes some countries adopt good institutions and other bad ones? One suggested culprit for encouraging the development of anti-growth political institutions is natural resources.

[Chapter II – Part II]

Institutions and Natural Resource Wealth (The Resource Curse)

Much of the literature that has come to be subsumed under the label "resource curse" aims to link measures of resource wealth with poor development outcomes, including low growth, conflict, and authoritarianism. Resource wealth, it is said, leads to resource dependence, which then leads to poor development outcomes. It has been strongly suggested that dependence on resource wealth can weaken state institutions, leading to a deterioration in development outcomes. Prominent proponents of this view include D. Michael Shafer, Terry Lynn Karl, and Michael Ross among others.

[Part II – Section 1]

A Brief History

A fascination with environmental and resource determinism is not new. There is in fact a long history of attributing the happenings of the social world to features of geography or climate. In the ancient world, Thucydides, Pliny, Polybius, Livy, and Strabo all thought that character was much influenced by climate and geography.

These themes were picked up again in the renaissance. In 1576, French political theorist and statesman Jean Bodin argued that forms of government should be adapted to the characters of their people, and moreover that these characters could be ascertained by reference to the geography and climate surrounding them. Of cities he says, "Even in the same city there is a difference in humour between those who live in the upper and those who live in the lower parts of town." (Bodin, 1955, p.145) Although he rejected the idea that the effect of environment on the character and morals of individuals was absolute, he nonetheless identified tendencies to be combated by law.

> *"Just as in winter, places underground, and the internal organs of animals, conserve the heat that is dissipated in summer, so people inhabiting the northern latitudes have a more vehement internal heat than those living in southern latitudes. This internal heat gives them much greater strength and natural vigour than have the rest.[5]" (Bodin,*

1955, p. 146-147)

Less tastefully, he thought that the color of a person's skin was affected by his or her internal humours, which were more “choleric” the nearer the equator one resided.

Bodin attributes to Livy the idea that the inhabitants of rich and fertile countries are normally mean and cowardly, whereas a barren soil makes men sober by necessity and thus careful, industrious, and vigilant. Tooley, the translator of the 1955 abridged edition of the “Six Books,” mentions it is likely Livy found these ideas in Polybius or Thucydides.

In four volumes published between 1591 and 1598, Giovanni Botero claimed that the favor of different climates could explain the differences between peoples and even animals.

> *“Againe, the Spaniards, whom in their own countries live most niggardly, in our parts of the world prove better trench diggers than the natives. And this experiment falleth not out true in men onely, but also in beasts, which (as Heards-men affirme) being driven towards the south, fall away and loose flesh: but if they feed towards the north,they prosper and wax fat.” (Botero, 1616, p.5)*

or,

> *“Whereupon I dare boldly affirme, that those states which doe consist of a people, whereof one part is inclined to wit*

and policie, and another part to fiercenesse, doe, for the most part, live in little quiet: of which qualitie are those countries, whereof one part is plaine and fruitfull, and the other mountainous and barren; because the inhabitants of the plaine countrey, by reason of the commodities thereof, and the easinesse of commerce and traffique, and by the experience thereof ensuing, are usually circumspect and wittie: whereas on the contrarie, inhabitants of the mountaines, by reason of the sharpenesse of the place, which doth harden them, and by the bluntnesse of their manners, which doth accompanie them, they become iealous, of greater courage, and stubborner resolutions."

The enduring internal strife of Spain and the Kingdom of Naples was thus ascribed to this cohabitation of mountain and plains people.

These ideas were later echoed by Montesquieu,

"The goodness of the land, in any country, naturally establishes subjection and dependence. The husbandmen, who compose the principal part of the people, are not very jealous of their liberty; they are too busy and too intent on their own private affairs. [...] Thus monarchy is more frequently found in fruitful countries, and a republican government in those which are not so; and this is sometimes a sufficient compensation for the inconveniences they suffer by the sterility of the land." (Montesquieu, 2001, p. 298)

Further on,

"The barrenness of the earth renders men industrious, *sober, inured to hardship, courageous, and fit for war; they are obliged to procure by labour what the earth refuses to bestow spontaneously. The fertility of a country gives ease, effeminacy, and a certain fondness for the preservation of*

life." (Montesquieu, 2001, p. 300)

The causal logic runs from environment, to character, to institutions and laws, with some amount of choice with respect to the latter two. While certainly many of these thinkers were aware that man could transform his environment, the weakness produced by this environment prevented them from doing so. Northern armies would wilt going south on Bodin's account. Industrious northern men would soon (almost immediately it seems) become lazy and complacent as they traveled south, making efforts to change the societies of the south futile and counterproductive. Even in moral terms, Bodin discounted the virtue of the good and honest Scythians since how could they do anything but be what they are, given their mild climate and flat geography? (Bodin, 1955, p.151)

Montesquieu thought that the laws could partially help rectify the vagaries of climatic determinism. Though he tells no story about how those hardy reformers would find the strength to impose harsh laws on an idle people, perhaps Montesquieu thought that character wasn't quite as malleable such that people grown hardy in harsh climes would not become lazy when transplanted to easier places. This provides a foundation for authoritarian colonialism in a way the earlier fatalism of Bodin and Botero did not. Strict laws (military laws for Montesquieu) could counteract the effects of terrain and climate.

There are some parallels here with more recent literature. For contemporary advocates of the resource curse the mechanism is no longer human character, but institutional dynamics. Institutional reform and change is prevented by the environmental challenge (in most cases oil or minerals).

Even more extreme environmental determinist accounts can be found in mainstream literature today. Geographer Jared Diamond received a lot of attention for an argument that a lot of the differences between Europe and the rest of the world stem from differences in flora, fauna, and climate:

> *“Europe’s colonization of Africa has nothing to do with differences between European and African peoples themselves, as white racists assume. Rather, it was due to accidents of geography and biogeography - in particular, to the continents’ different areas, axes, and suites of wild plant and animal species. That is, the different historical trajectories of Africa and Europe stem ultimately from differences in real estate.” (Diamond, 1997, p.401)*

and:

> *“This very unequal distribution of wild ancestral species among the continents became an important reason why eurasians, rather than peoples of other continents, were the ones to end up with guns, germs, and steel.” (Diamond, 1997, p. 162)*

Diamond further asserts that once those initial advantages were obtained, it was the combination of the Eurasians' superior technology, and of the various diseases that they carried proving massively lethal to many of the other people they eventually encountered, that led to Eurasian dominance of the world (thus, the "guns, germs and steel" in the title of the book.) Here institutions play little to no role in explaining the distributions of power and wealth we see in the world. To be fair, Diamond's argument only runs to the 1500s or so, leaving more modern history untouched, though it is clear that he thinks that what happened since the 1500s is heavily determined by what came before. It is quite likely that the role of institutions and natural resources in shaping the distributions of wealth and power we can observe in the world today is not fixed. There are probably times and places where one or the other is more useful in explaining what we see. Over the long run, the extent of path determinism is unclear and again, will in part depend on how easy it is to manipulate institutions and resource availability.

[Part II – Section 2]

Mechanisms for the Resource Curse

The history of the resource curse literature posits several possible mechanisms that would tie resource dependence to institutional weakness. Early studies tended to focus not on institutional weakness, but on Dutch Disease, a macro-economic ailment. The term “Dutch Disease” apparently comes from a 1977 article in *The Economist* describing the decline of manufacturing in the Netherlands after the discovery of large reserves of natural gas in the late 1950's. Dutch Disease operates through two concurrent effects. The rise in exchange rates that accompanies a surge in exports makes that country's other exports less competitive on international markets, leading to a contraction in those sectors. Furthermore, a boom in the natural resource sectors bids up the prices of domestic factors of production like labor and materials. This also tends to harm other sectors of the economy competing for the same labor and materials.

Accompanying Dutch Disease are exchange rate and government revenue volatility due to commodity price fluctuations and variability in the rates of extraction. In addition, government revenue will fluctuate according to the contractual arrangements with companies exploiting the resource. Different contracts structure the timing of payments on different schedules[6].Exchange rate volatility produces an unfriendly economic climate for foreign investors and makes the government's fiscal policy, particularly of the countercyclical variety, difficult. Ordinarily, government revenue increases when the economy does well, and contracts when it does poorly. Yet demand for government relief is strongest during lean times. This is an ordinary problem for industrial economies, but it is exacerbated in resource dependent economies. Developed countries with strong institutions have a difficult enough time saving money during booms. Countries with weak institutions are in an even worse position.

Ricardo Hausman and Robert Rigobon present a model of the resource curse that uses volatility to explain the performance of economies during oil booms and recessions, arguing that alternative explanations like Dutch Disease and rent seeking do not satisfactorily explain how economies perform in declines. (Hausman and Rigobon, 2007)

However Dutch Disease explanations are at best incomplete. One of the reasons for this is that the policy remedies for Dutch disease are well understood. What needs to be explained is why states more often than not fail to push through needed reforms or maintain policies that counteract the problems faced by Dutch Disease. If the cure is clear, why won't the patient take the medicine?

In a review article, Michael Ross identifies three major mechanisms through which the resource curse might operate (Ross, 1999). Cognitive theories suggest that resource rent windfalls produce myopic disorders among policy makers. Societal theories argue that resource rent windfalls empower sectors of society that favor growth impeding trade or fiscal policies. Statist theories argue that resource rents weaken the state institutions necessary to promote sound economic policies. There are weaknesses in all of these theories, though I will focus in particular on the latter, because of its relative popularity.

Cognitive theories explain the resource curse by emphasizing a kind of

6 For a discussion see, Johnston, 2007.

boom mentality that distorts the rationality of business and government decision-makers. People make bad decisions because they are blinded by the temporary windfalls caused by resource export booms. It has been pointed out that while governments haven't tended to respond very rationally to booms in revenue, private businesses frequently have increased savings and diversification in times of high commodity prices. (Ross, 1999) It is hard to see why resource booms would affect the mentality of public officials differently than private actors. If responses in the private and public sectors are indeed divergent, this is a point in favor of explanations that highlight organizational incentives.

Another cognitive theory suggests that people in resource exporting countries after a while no longer believe in the connection between hard work and material rewards. (Di Tella et.al., 2008) Rewards seem to go to people who are lucky enough to find resources or are well connected with respect to resource owners, rather than those who work hard. This might mean that people are less willing to put forth the effort for ordinary business ventures when they see other succeeding simply by luck or connections. Depending on how large the disincentive effect is, this could be a powerful explanatory tool. However, it is important to note that these studies only rely on self-reported measures of perceived fairness, not on hard measures of the elasticity of the labor supply or measures of labor productivity. Moreover, the claim is not that the resource industry destroys the link between work and reward, only that the rules of the game are such that a lot of gains can be made without significant work. Similar dynamics have been hypothesized for American inner cities and the proliferation of the drug trade. In each case, however, there are powerful institutional features that incentivize the search for lucrative illegitimate gain over the pursuit of lawful productive enterprise.

Societal theories explain the resource curse by suggesting that resource booms empower parts of society that resist pro-development policies. For example, in Latin America, resource exports served to fund protection for domestic businesses. Once entrenched, these businesses got together and demanded to maintain expensive subsidies or be protected from competition from foreign firms through tariffs. This protection, which was supposed to be temporary, ended up supplying the domestic market with low quality products (the case of the leaking Brazilian baby diapers is infamous) and inhibiting the growth of potentially valuable exports. However, resource booms do not always empower anti-growth or anti-competitive societal actors. Moreover, societal explanations suffer from another notable weakness: the fact that the state is frequently strengthened by commodity booms relative to societal interests. If the societal explanation has any merit, it is for the minority of countries where natural resources are privately owned.

The weaknesses of the first two explanations partially point us towards state based explanations for the resource curse. The theory of the rentier state suggests that having a very large percentage of revenue coming from one industry, particularly an export industry, makes governments much less accountable to citizens, since these citizens are not financially supporting the regime. (Mahdavy, 1970; Beblani and Luciani, 1987; Bellin, 1994; Chaudhry, 1994, Clark, 1997; Yates, 1996) It seems intuitively plausible that a state that does not depend closely on popular support would be less likely to respond to public pressure than a state wholly dependent on tax revenue for its functioning. Following the work of Hussein Mahdavy, Hootan Shambayati argues that rentier states (states that derive a large fraction of their revenue from resource rent extraction) face little social pressure to improve their economic policies, since their low taxes and ability to subsidize a great number of citizens through welfare and other programs effectively buy off large sectors of the population and pre-empt mobilization in favor of economic and political reform. (Shambayati, 1994) This research is consistent with more general research that links low accountability of political institutions with low growth. (Humphreys and Bates, 2005) The rentier state phenomenon also explains lower demand for economic diversification in times when it is possible (times of commodity booms) all the while making the supply of economic diversification much more difficult in times where commodity prices have hit a trough when the diversification would be particularly salutary. It is not surprising that many policy advisors (notably Jeffrey Sachs) have advocated for some form of consumption and investment smoothing across time periods. What is still puzzling is the inability of many relatively wealthy (and thus by hypothesis powerful) governments to actually accomplish this goal.

[Chapter II – Part 3]

Does Resource Wealth lead to Resource Dependence?

Resource wealth in the developing world is frequently thought to entail resource dependence. After all, a constitutive part of being a developing country is to have an undeveloped economy. If resources are discovered and the economy is weak, the economy will soon be resource dependent. Why does it stay that way, however? Leaders understand the benefits of having a multiple flows of revenue. It makes sense strategically as well as economically. One reason this occurs might be found in D. Michael Shafer's argument about how the characteristics of a country's leading sectors powerfully affect the autonomy and capacity of the state, and hence its prospects for development.

State development and economic development are not independent phenomena. The state's capacities evolve in part in reaction and in conjunction with economic necessities as well as external competitive pressures. In this belief, Schafer is joined at least in part by Richard Auty, Terry Lynn Karl, and Kiren Aziz Chaudhry. Because natural resource sectors are for the most part concentrated affairs with a few large firms or one large state owned enterprise dominating the sector, his argument goes, there is a need for "specialized tax authorities to tap the huge, concentrated revenue streams such sectors produce, and specialized agencies to monitor, regulate, and promote the activities of these few critical firms." (Shafer, 1994, p. 13) Governing this kind of sector has perverse effects on the state however, "discourag[ing] leaders from developing institutions to address non-leading-sector needs" (Shafer, 1994, p. 37) As a result, these states fail to "establish institutions to tax, monitor, regulate, or promote other sectors" (Shafer, 1994, p. 14) of the economy. "Since monitoring and regulating these inflexible sectors is complex, the government tends to develop close ties with inflexible firms. These ties force the state to erroneously conflate the narrow short-term interests of the leading sector with the broader long-term interests of the nation." (Ross, 1999, p. 312) By never developing the capabilities to tax and monitor other kinds of industrial activities, the state dooms the resource abundant country to resource dependence. It is relatively easy to make the case that a resource dependent country is a slow growing one over the long run.

The empirical evidence for a relationship between resource dependence and slow growth is fairly strong. Jeffrey Sachs and Andrew Warner in a paper entitled "Natural Abundance and Economic Growth" (1995) found that states with a high ratio of natural resource exports to GDP in 1971 had abnormally slow growth rates between 1971 and 1999. This study remains a landmark, though others have followed. For example, in another empirical study Thorvaldur Gylfason found that "economic growth since 1965 has varied inversely with the share of natural capital in national wealth across countries. […] Natural capital appears to crowd out human capital, thereby slowing down the pace of economic development."(Gylfason, 2001, p. 4) There have also been dozens or more country case studies and empirical investigations attempting to establish links between resource wealth and everything from authoritarianism

(Ross, 2001; Wantchekon, 2002) and civil war (Collier and Hoeffler, 1998 and 2004; Ross 2006), to women's failure to emancipate (Ross, 2008). Still, questions remain about what the mechanism is linking resource dependence and these bad economic and political outcomes.

[Chapter II - Part IV]

Does resource abundance lead to weak institutions?

Pauline Jones-Luong and Erika Weinthal offer an account of institutional development in resource abundant developing countries that stresses the impact of ownership structures on fiscal regimes. Resources impact a country's fortunes differently depending on the type of ownership structure chosen (or evolved) for the resource sector. This account is relevant to countries whose political institutions are as undeveloped as their economic institutions. Norway and the Netherlands are a in a different category as they discovered off shore oil and natural gas long after their economies had developed.

Domestic public ownership, they argue, reduces the incentives for transparency because of low transaction costs and high public expectations for redistribution. State leaders and oil company officials would prefer to appropriate the revenue and thus have limited incentives to reveal information about their activities to the public. This also reinforces the importance of personal relationships in the distribution of the proceeds, since as a rule agreements cannot be secured by third party enforcement under conditions of secrecy. Thus far Jones-Luong and Weinthal are in good company. The hazards of public ownership are relatively well documented, including in developing countries that are resource abundant. (Humphreys et.al. 2007, Ascher 1999, Schafer 1994, Karl 1997)

Despite its popularity, public ownership is only one possible way to organize a resource industry. Domestic private ownership is possible and encourages relatively more transparency because of the higher transaction costs (in particular, information asymmetries between state and private companies) and lower public expectations for redistribution. Historically, successful examples of natural resource-led economic development include Sweden, Finland, (Blomström and Kokko, 2007) Australia, and the United States as argued by Wright and Czelusta (2007) In all these cases, natural resources were owned privately and development seems not to have been impeded. In a situation of private domestic ownership, the interests of the state and resource-extracting companies are not aligned and therefore they each have an incentive to find credibly enforceable ways to constrain each other's behavior. The domestic private ownership scenario, they argue, provides a better likelihood of the state developing the kinds of fiscal institutions capable of regulating complex economic sectors like oil and minerals. Establishing this kind of credible commitment is paramount, as I noted in reviewing the literature linking institutions and economic growth. Furthermore, under an ownership structure characterized by domestic private ownership, domestic resource exploiters are more likely to demand the kind of regulatory institutions necessary to build a modern economy. Needing to raise revenue in an efficient manner, the state is also likely to be motivated to provide them. The government's regulatory need for fiscal transparency also reduces the incentives and opportunities for corruption.

Weinthal and Jones-Luong are not alone in suggesting that resource abundance does not have to lead to disaster. Richard Snyder, restricting himself to the politics of countries with lootable resources (valuable, easy to transport resources exhibiting low barriers to entry like alluvial diamonds or illicit drugs), identifies institutions of extraction as the key variable predicting whether resources will lead to civil war in countries where such resources are a large potential fraction of government revenue. If a government is excluded from control or a substantial share of the revenue, in a situation where absent such control state revenue would be scant, then the likelihood of civil conflict and state collapse is high. In particular, this can explain shifts from order to chaos within countries over time. Snyder's study of Burma and Sierra Leone provide examples of transitions from chaos to order (the former) and order to chaos (the latter) by examining shifts in institutional arrangements for the extraction and sale of lootable resources. (Snyder, 2006)

In Burma, after years of civil conflict relative order came about in 1990 when the government was able to co-opt leaders of rebel groups by offering amnesties and business opportunities in exchange for a share of the revenue from the drug trade. Rebel leaders saw the advantage of forsaking a precarious existence in the hinterlands, demobilizing expensive armies, and gaining access to the legal economy. The Burmese government, in turn, found that it could capture a significant portion of the revenue from the drug trade by offering money laundering services through state banks and more generally granting amnesties and withholding the threat of repression against the country's newest business elite.

Sierra Leone, once called one of the most stable regimes in West Africa under dictator Siaka Stevens, degenerated into chaos in the mid-1990s as the government progressively lost control of the trade in alluvial diamonds. While Stevens was able to forge revenue sharing agreements for the extraction and sale of diamonds with Lebanese diamond merchants, a minority diaspora community in the country, his successor Joseph Momoh was unable to maintain these agreements in place. In addition to the army, Stevens had amassed a number of paramilitary brigades personally loyal to him. This enabled him to maintain a balance of power with the increasingly wealth Lebanese merchants, whose wealth had also enabled them to amass large private security forces. By funneling resources to his personal armies rather than the state's, Stevens was able to assure himself a relatively tranquil transition out of power. His successor Momoh, however, was left with barely 2,000 troops to govern a country of 4.5 million. These troops were insufficient to maintain the revenue sharing arrangements with the increasingly powerful diamond merchants. Thus weakened, the army was unable to resist the invasion of the Revolutionary United Front from neighboring Liberia, which then seized the diamond fields and began a decade of violence and chaos.

For Weinthal, Jones-Luong, and Snyder, ownership structure is what helps determine the formation of other key institutions, including the fiscal regimes governing macro-economic policy, taxation, and natural resource funds. For Jones-Luong and Weinthal, state ownership and private ownership foster a very different relationship between the main actors they generate. Under state ownership, the distinction between bureaucrats and state elites or politicians is frequently blurry. Under private ownership, the distinction between state elites and domestic owners is relatively clear. This difference in clarity leads to different incentive structures, because they impose different transaction and monitoring costs.

Under state ownership, one of the primary problems is that there is no identifiable principal. (Aharoni, 1982; Soros, 2007) While in theory (and by international convention) the citizens as a whole are the principal, these actors often lack the ability to monitor and effectively control their agent or agents. George Soros voices similar concerns, which he subsumes under the term “asymmetric agency” in his foreword to the Humphreys, Sachs, and Stiglitz volume “Escaping the Resource Curse.” The principal (a country's people) is poorly represented by its agent (government). The agent is not dependent on the principal for rewards, but rather on foreign oil companies and/or domestic elites. The principal has very few ways to monitor or control its agent. Thus, the principal receives very few benefits for the asset that it nominally owns.

When bureaucrats run a state owned company, typically the incentive for efficient management is blunted. Bureaucrats do not typically profit from the success or share in the failures of state owned companies and thus absent other sources of motivation only have the incentive to manage the company well enough not to get fired. Moreover, because state owned enterprises are frequently a source of national pride and prestige, bureaucrats frequently have soft budget constraints: access to state revenue at little to no interest, furthering dampening the profit motive.

Corruption and use of public assets for private gain has been an unfortunate enduring feature of state owned enterprises, particularly those specializing in capturing natural resource rents. Far from theories in search of an application, the mechanisms of state failure in the management of natural resources arose from distinct historical experiences. For example, throughout the 1960's and 70's Indonesia's state oil company Pertamina was used to finance a substantial portion of military expenditures when explicit financing through the official budget would have been damaging to Indonesia's attempts to curry favor with international lending organizations like the IMF (Ascher, 1999). Because of the lack of transparency of the company's books, it remains unclear just how much revenue was diverted. As early as 1970, the company was accused by a presidentially appointed anti-corruption committee of making “unauthorized donations” to political figures. (MacDonald, 1981, p. 124) The same “Commission of Four” criticized Pertamina's opaque accounting, lack of oversight, and failure to relinquish funds collected for the central budget.

Pertamina also regularly engaged in public works programs and economic investments having little to do with oil exploration such as a chain of hotels, rice estates, automobile dealerships, insurance, telecommunications, and the Pelita airline. Without any formal authorization of the government, Pertamina financed the refurbishment of Krakatau Steel, a Soviet built steel plant that had fallen into disrepair to the tune of 2.5 billion US dollars despite no evidence of potential profitability. (MacDonald, 1981, p. 157) These “investments” were made possible by the close personal relationship between Pertamina's head, General Sutowo, and Indonesia's President Suharto, but also because Pertamina's access to capital was greater than any other institution short of the treasury. At the time, however, the treasury was guarded by technocrats who had the power to potentially veto uneconomical development projects or at least embarrass the regime through international connections and technical expertise. (Auty, 190, p. 116) While ostensibly Pertamina's loans were for oil exploration and extraction, Sutowo and Suharto used this access to capital to finance politically motivated projects.

Thus, Pertamina provides a stark example of a state-owned enterprise being used to circumvent ordinary budget processes, obscure or blur the flows of public revenue into private hands, and further political objectives. Ultimately, Pertamina slid into bankruptcy as it was no longer able to meet its obligations due in part to falling oil prices in 1975 and the general unprofitability of its investments. The government of Indonesia footed the bill as Pertamina's multisectoral activities were drastically cut back and its nonessential assets were stripped. This lends credence to the Jones-Luong and Weinthal's suggestion that the blurring of the distinction between bureaucrats like Sutowo and state elites like Suharto created a perverse incentive structure that neither fostered efficient public investments or profitable natural resource exploitation.

William Ascher, whose documentation of the history of Pertamina I am largely indebted to, argues that because the royalties Pertamina paid to the government were too small a fraction of its overall revenue, the resource was overexploited and too much revenue accrued to the company during boom times such as 1974. Because Pertamina operated like a conglomerate cum national development agency, state elites had little incentive to try and capture a larger fraction of oil revenues. It provided an outlet for off-budget spending, simultaneously hidden from the public, other government institutions, and international agencies that Suharto and Sutowo were only too eager to exploit. This violates basic principles of public finance, where public revenue should be subjected to a budget process reflecting the interests of the entire economy so as to maximize the chance that the most worthwhile projects (from a public interest standpoint) will be undertaken. Perhaps given a more transparent budget procedure, the government would have undertaken the investments Pertamina ended up taking on anyway, but is no way of knowing in principle which projects are most conducive to the public interest without an open decision-making process that considers all possible allocations.

Mexico's PEMEX provides another example of a state-owned enterprise called upon to finance domestic political objectives. In this case, this financing resulted in a financial crisis from which Mexico would take a decade to recover from and ultimately led to starving the company from capital that would have permitted it to grow. In the early 1970's, the subsidization of domestic fuel prices at the expense of exports served to create inefficient industries that relied on cheap fuel for their competitiveness. (Ascher, 1999, p. 199) This also provided redistribution from future generations to those alive in the pre-1974 era. (Guzman, 1988, p. 414) The unprecedented surge in oil prices in 1974 finally encouraged Mexico to become a significant oil exporter. The price of maintaining extensive domestic subsidies was simply too high. By 1979 PEMEX's export sales reached 56% of its income as compared with 15% in 1976 (Ascher, 1999, p. 199). However, this shift provoked a need to compensate for the now scaled back subsidies. Scaling back the subsidies meant that domestic industry was facing higher costs and lessened competitiveness. President Lopez Portillo faced the concurrent needs to finance public sector deficits, expectations of real wage increases, and growing social service obligations. Thus a dramatic increase in public spending was launched and primarily financed by increasing taxation of PEMEX. In 1977, the federal government captured 59.4% of PEMEX's profits, whereas by 1979 it appropriated 92.6% of the company's profits. (Guzman, 1988, p, 390)

Despite this heavy burden, PEMEX's still managed to grow its operations rapidly through the accumulation of international loans. However, like with Pertamina, investment decisions were not free from serving political objectives. PEMEX's chief under Lopez Portillo, Diaz Serrano inflated reports about the size of oil fields to secure more international loans, but also to spend more on distributional objectives than the size of the project required. For example, the Chicontepec oil fields were assessed at 7 billion probably barrels before Diaz Serrano took over. Diaz Serrano implied that there were perhaps 100 billion barrels in the oil field, which provided an opportunity to employ 150,000 people and develop an urban area of more than 350,000 people (Grayson, 1980, p, 72). PEMEX's spending was notoriously opaque, including paychecks for ghost workers and padded construction contracts for powerful unions. (Teichman, 1988, p. 70) As many as 85% of PEMEX contracts were illegally awarded without competitive bidding. (Ramirez, 1981) One estimate put the discrepancy within PEMEX's accounts at 3.56 billion US dollars for 1980 alone. (Mora, 1982, p. 43) While the expansion succeeded in increasing production dramatically (some 20% between 1979 and 1983), the collapse of oil prices decreased the Mexican government’s revenue from oil over this same time period to a level far lower than what had originally been planned. Moreover, the increase in oil exports compared to the pre-1979 status quo had the effect of destabilizing Mexico's other industries by putting upward pressure on the exchange rate and forcing the government to deplete its foreign exchange reserves. This contributed heavily to Mexico's eventual default on its international loans in 1982.

This series of events led the Mexican government to severely restrict

PEMEX's investment budget in the 1980's both because of a desire to control the power of the company and out of a desperate need for funds. This undercapitalization forced PEMEX to import large quantities of natural gas because of a lack of transport facilities to move Mexico's own gas to recipient areas. (Ascher, 1999, p. 207) Moreover, undercapitalization came at the expense of replacing aging infrastructure. Thus worker safety and environmental projects were sacrificed, ultimately leading to the gasoline explosion in Guadalajara in 1992 that killed 200 people. PEMEX's story highlights some of the problems with budget constraints, but also the challenges of reigning in independent state officials like Diaz Serrano. The blurring of state elites and bureaucrats is exemplified by the use of PEMEX's relative creditworthiness post-1982 to secure international loans to finance the government budget. While in Indonesia Pertamina's spending was financed by the laxity of government oversight and taxation, in Mexico raiding PEMEX and its borrowing capabilities served to finance public spending at the expense of needed investments in the industry. Ascher argues that the former was also common with Venezuela's CVG in the late 1970's, while the latter phenomenon was observable with Peru's Petroperu and Venezuela's PDVSA. Jones Luong and Weinthal make a similar case for Russia's Gazprom in the 1990's, which was left grossly undercapitalized in 1998 (Jones-Luong and Weinthal, p. 44).

These examples provide support for the idea that institutions of extraction can have a role in determining macro-economic and fiscal policy. Public ownership in the lucrative natural resource extraction sectors gives little incentive for transparency, which gives bureaucrats opportunities to steal and politicians opportunities to satisfy distributional objectives without resorting a budget procedure that involves more veto points and a clear competition between various public needs. Both states and bureaucrats prefer more discretion and thus have incentives to refrain from building effective institutions. Whether it be the agreements between Suharto and Sutowo, Lopez Portillo and Diaz Serrano, or Yeltsin and Chernomyrdin (who after his chairmanship was nominated Prime Minister), the management of these state owned enterprises has been conducted on a personalistic basis with little regard for building efficiency enhancing institutions. Evidence for this phenomenon can be observed across a variety of developing states in different parts of the world and at different times (Mexico in the late 70's and early 80's, Indonesia in the early 70's, Russia in the late 90's).

If we combine this insight about public ownership with Snyder's, we come to see that successful management of natural resource is a tricky balancing act, which is one of the reasons it is not frequently done well by developing states. Private ownership to the exclusion of the government in the context of weakly institutionalized states can lead to societal breakdown, whereas public ownership in similar contexts can lead to periodic crises, inefficient resource extraction, massive debt, low growth, and cronyism.

[Chapter II- Part V]

The DRC: A Test Case

The Democratic Republic of the Congo (formerly Zaire) provides an illustration of resource abundance, persistent underdevelopment, and civil conflict. This section's aim is twofold. First, it is to help the reader understand the complexities of the relationship between resources, conflict, and development. I want to concretely illustrate some of the problems of resource led development in a country that is frequently seen as the poster-child for resource-curse type development failure. Second, I will try to show that the history of the DRC does not necessarily back the conventional wisdom on the relationship between resource wealth, resource dependence, conflict, and growth. Finally, the case provides some anecdotal support for the work of Jones-Luong and Weinthal, suggesting that the transition from domestic private ownership, to foreign private ownership, to domestic public ownership was accompanied by degradations in government performance and the strength of state institutions.

[Part V – Section 1]

The DRC's Weak State

A significant factor in the Congo, regardless of one's theoretical inclinations about the resource curse, is that weak state control of the territory contributed significantly to the deterioration of economic and political conditions inside the country. I note that this weakening of the state cannot be reasonably attributed to resource endowments (or at least not only to them), given the variation in state strength and relative continuity in resource wealth during the period studied. While one might be able to point to a story rooted in increased export dependency, this suggests at first glance that state weakness is not always endogenous to resource wealth.

Measuring state-weakness is not an obvious task. Many things could count as evidence of state weakness. I will stick to relatively uncontroversial measures. A state will be considered weak if there is evidence that it cannot enforce legal property rights claims within its declared territory. It is granted that enforcement may be more or less successful in different regions and as such distinctions may have to be made. A state will also be considered weak if it has difficulty keeping the peace. Traditionally it has been thought that certain kinds of resource endowments are more likely to engender state weakness by providing incentives for armed conflict and property rights violations. However, in the case of the DRC, the bulk of state weakness can be attributed to factors other than resource endowments. This is not to deny that by empowering rebellious factions lootable resources have not seriously impaired the state's capacity to maintain public order in recent times, but I will argue that this impairment has only reached its current extent as a result of public policies that have systematically wrecked state capacity over time from a position of relative strength to one of relative weakness. This degradation cannot be attributed to increases in natural resource exports, though it is correlated with an increase in resource dependence. However, this increase in resource dependence is not a function of a relatively constant resource endowment, but instead appears to be a consequence of the breakdown of other economic sectors.

The break down of property rights enforcement and public order more generally is illustrated by recent events. In 2002, after a hunter found cassiterite, a kind of tin ore, on the slopes of a mountain in the eastern jungles of the country, the region fell into a bloody conflict for two years as various armed rebel groups disputed the territory, while the central government remained relatively powerless. The legal owners of the mining concession, a British and South African consortium named Mining and Processing Congo, have been barred from access to the mountain by the winners of the armed conflict, a Mai Mai militia headed by one Colonel Matumo. Nominally allied with the government in Kinshasa, the militia operates its own fiefdom in the area, maintaining tight control over the comings and goings of workers, goods, and tin ore. Given its other security commitments and its tenuous alliance, the Kinshasa government is unable to compel Matumo to share the proceeds of his cassiterite sales, never mind enforce any kind of law in the area.

At first glance, the story is a classic example of how resources have brought conflict and misery to once relatively peaceful areas of the world. A second look however notes that the failure to protect the government licensed owner, Mining and Processing Congo, plays a large role in this story. The key question from a theoretical point of view is why. The inability of the central government in Kinshasa to effectively control its borders and end the control of armed rebel groups over a large portion of its territory largely predates the discovery of tin. Tin exacerbates the problems the government faces, because as Richard Snyder points out, it does not receive a share of the revenue. At first glance, this appears to be a case where resource wealth empowers destabilizing societal actors. However, the question from a theoretical perspective really is whether tin (or any other mineral resource) tends to weaken a government's control or whether pre-existing state weakness enables tin to become a problem where no problem would have occurred absent sufficient state control. I believe that that state weakness in the Congo was not an artifact of the discovery of tin but was simply dramatically exposed by it. This was not a case where the anticipated discovery of mineral riches prompted a scuffle over the territory. By all accounts the discovery of this mine was accidental. The problem was, and continues to be, that the government in Kinshasa has no direct control over many parts of its (admittedly vast and difficult) territory.

It could easily be claimed, however, that the government's inability to control its territory is the result of a series of unfortunate encounters with natural resource exploitation. I will try and show that this is not the case in the DRC.

[Part V – Section 2]

Natural Resources in the Congo – A Brief History

The mineral history of the Congo arguably dates from March 1909 with the discovery of the copper mines of Kolwezi. This was followed by diamonds in 1916 at Kasai in the Mbuji-Mayi region. In the aftermath of World War II, Congo was producing 60% of the world's annual diamond harvest. Cobalt and uranium were already mined there beginning in 1920. Congo also accounted for 60% of the world's cobalt production until 1960. The Uranium mine at Shinkolobwe was the richest Uranium deposit in the world for 40 years, contributing to the Manhattan project and providing the uranium for the atomic bombs of Hiroshima and Nagasaki. (Ndaywel è Nziem, 1998, p.387-388) This establishes the Belgian Congo, as it was known at the time, as a resource rich territory long before independence and the civil turmoil that has periodically plagued it since. Moreover, pre-1960, the Congo already possessed a diverse resource profile. It was the world leader in several different ore exports, and the types of extraction industries required for each type of ore was very different. Copper and cobalt require significant capital investments to extract from the ground, whereas Congo's alluvial diamonds and gold (and more recently tin) require a lot less. A man with a pick and a shovel could mine the latter types of resources.

The Belgian legacy in the Congo was not one of respect for competition or private property. Belgian colonialism was replete with expropriations and displacement of peoples. This was an extractive colonialism typical of Africa, rather than a settler colonialism more typical of Australia and North America. The Belgians granted local monopolies and concessions to private firms that exported primary products, despite official repudiation of the practice in the colonial charter. (Ndaywel è Nziem, 1998, p.382) By the end of the colonial experiment in the 1950's, around 50% of the economy was controlled by a few large conglomerates. The Belgian state owned stakes in most of these companies, because of a concern for keeping control over the actions of powerful private actors in the colonies. However, as Congolese historian Isidore Ndaywel è Nziem points out, these financial interests tended to reinforce the power of these companies as the state never exercised much control, whereas the board members appointed by the state tended to act as facilitators for these companies when dealing with Belgian bureaucracy. Rare in Belgium, passing from the public to the private sector was ubiquitous in the colony. The short shelf life of a colonial civil servant in the Congo created a relatively large pool of experienced talent for private companies, and encouraged civil servants to be accommodating in order to secure good jobs in the private sector after their tour of duty in the colonial administration. Remarkably, the state left management of companies to minority shareholders when it was a majority shareholder, like in the case of the Katanga company. (Ndaywel è Nziem, 1998, p.390-391) This hands-off policy towards business combined with constant political repression assured a kind of stability and prosperity for the colonial class and even secured a rise in living standards for the native populations in the years after WWII.

(a)

Colonialism and "Domestic" Private Ownership: 1908-1960

From the point of view of the framework developed by Jones-Luong and Weinthal, prior to independence the Congo's mineral industry was organized in the form of domestic private ownership. To be sure, colonialism makes Congo a special case, since the country's political institutions were formally part of Belgium's sovereign orbit. Several things make the Belgian Congo different from other colonies, however. The Congo was administered locally, rather than from Brussels and the Congolese colonial government was self-financing. Taxes were levied on local businesses and while personnel usually were hired from Belgium, they were paid by the local administration. This makes more appropriate to treat the Congolese colonial administration as a separate government from Belgium.

If we accept the idea that the Congo's colonial charter makes it in some respects appropriate to treat it as a legitimate separate object of study, then it is relatively straightforward to show that the institutions of extraction did indeed conform to the model of domestic private extraction. The Belgian colonial administration and the several mineral companies extracting resources did not have coinciding interests with respect to resource profits, especially once a measure of free enterprise was allowed after the dissolution of the Congo Free state in favor of the Belgian Congo in 1908. There was certainly very little in the way of expectations about redistribution of the profits to the population, either in Belgium or in the colony. The Belgian government retained some shares in the companies, perhaps in order to reduce information asymmetries.

Lest it be said that the political stability of the Congo was financed by Belgian tax revenues, it should be noted that the evidence goes markedly the other way. Towards the end of the Belgian colonial era Jean Stengers tried to assess how much the colony had cost Belgium and noted that the Belgian state had in fact not made any net contribution to the financing of the colony. Not only did the Belgian government strenuously refuse to contribute to the Congo's finances, but on several occasions it exacted a kind of tribute from the colonial government in Leopoldville (now Kinshasa). (Stengers, 1957) When it was compelled to make contributions, for instance during the great depression, it did so only extremely grudgingly. (Buelens and Marysse, 2009, p. 143) This government was mostly supported by tax revenue from large Belgian companies operating within the territory.

If the colonial adventure was not financed by the Belgian state, then was it a loss for private investors? Frans Buelens and Stefaan Marysse examined the stock prices of Congolese and Belgian stocks during the colonial era (1885-1960) and conclude that the returns on Congolese stocks outpaced domestic ones by some margins, suggesting that the colonial enterprise was indeed a profitable one. From 1889 to 1955, Congolese stocks averaged a 9% annual real rate of return, beating Belgian stocks' rate of 5%. (Buelens and Marysse, 2009, p. 152) If the period of instability preceding independence (1955-1960) is included the difference drops from 4 to 2%, but is still in favor of the Congo.

The point is to show that while it was under Belgian control, the Congo was a self-financing stable government for about 75 years. In the years leading up to independence, growth rates often exceeded 10% per year due at first to the intense mineral demands from WWII and then foreign private investment fleeing an unstable post-war Europe. A university opened its doors for the first time in 1954. Also in the 1950s, trade unions were allowed and segregation policies were abolished. The country's economy was reasonably diversified. Industrial production was expanding at an annual rate of 12.58%. (Lacroix, 1967, p. 23) All this points to a state that, despite a brutal colonial history, particularly pre-1908, seemed to be on the way towards development and industrialization under Belgian control.

(b)

Instability and Foreign Private Control: 1960-1966

Predictably, independence on June 30th, 1960 brought about a radical reorganization of the former colony's institutions. The price for a peaceful and relatively cordial transition was protection for Belgian commercial interests, including ownership of mines and rail infrastructure. The negotiated agreement limited the amount the new government could tax Belgian commercial interests. Overnight, large Belgian companies like Union Minière went from being domestic to foreign companies at least in the sense we are concerned with. The agreement between Belgium and the new independent government undercut the revenue base for the fledgling democracy at the same time as distributional demands and public unrest were skyrocketing. The political instability of the preindependence years had already a taken a toll on now wary foreign investors. Even despite the officially negotiated agreements, capital fled the country and stock prices plummeted, indicating no confidence in the new government on the part of investors. (Buelens and Marysse, 2009, p. 153)

Further weakening the state, the new “United Front” government was exceedingly fractionalized, as it was felt that all parties and major interests should be represented in what became a very large cabinet. Although they were united in their desire for home rule as quickly as possible, the consensus broke down almost immediately once this goal was achieved as other more mundane political issues came to the fore. One of the catalysts was the immediate break out of hostilities between Belgian forces and the rebelling police force. Within hours of formal independence, the Congolese police force launched a strike against the new government in protest at the maintenance of white officers. This anti-European sentiment alarmed the Belgian government, which sent troops, ostensibly to protect Belgian citizens. This military action, unauthorized by the Congolese government, was in direct violation of the independence treaty, and caused the government to sever diplomatic relations with its former colonial power.

The ensuing panic among the local white populations drove them to flee the country. This is significant because it rapidly emptied the civil service and police force of its most experienced and capable cadres. In their place, the government hired political appointees. There could hardly have been a different selection criterion, since very few Congolese nationals could claim to be qualified. This rapid exodus made it very difficult for the state to achieve even basic public policy goals for some time. While the Belgian administration had ties to the boards of many mining companies, the new government had no one on the inside to help monitor the company's behavior. Similarly, the large Belgian mining companies found themselves on the out with the new Congolese government. The conduit of information that linked the public and private sectors was effectively severed. Distrust and prejudice were the currency of the new relationship between government and the private sector. Moreover, the white colonial civil servants (sometimes former company men) who might have been able to restore this conduit were fleeing the country.

Arthur A. Goldsmith's study of bureaucracy in sub-saharan Africa points out that the best performing civil services in the region Africanized much more slowly and less completely, though he concedes that some countries that have seen significant corruption and inefficiency also Africanized slowly. Still, no country that rapidly filled its civil service with domestic civil servants achieved particularly good results:

> *“The African "Tigers" handled the passage to Africanization differently. Mauritius benefited from a long transition to independence during which time the local population participated heavily in administrative work. That country's unusually high education levels aided this gradual, tutelary changeover. Botswana also followed a more deliberate course of Africanization, though starting with a much poorer human-resource base (the country had reportedly produced only eight university graduates as of 1960). Local people occupied 39 percent of senior and middle-level*

> *staff positions in 1964, two years before independence. Disregarding pressure from below to hire more of its own citizens, the new government's policy was self-consciously to avoid sacrificing standards for the sake of engaging underqualified or inexperienced local people. By 1972 the percentage of citizens at the senior and middle-level had climbed to 81 percent, but it dropped again to 76.5 percent in 1982. The absolute number of expatriates in high public-service positions actually rose during these years." (Goldsmith, 1999, p. 538)*

One lesson to take away from this is that nationalism weakened state capacity in many African countries after their independence and laid the seeds for difficulties experienced down the road. Congo in this respect was no different than many other countries in its neighborhood.

Low revenue, low consensus, an unprofessionalized civil service, inexperienced and disorganized domestic security forces, as well as severed links to its primary sources of revenue dramatically decreased the capabilities of the new Congolese state, in contrast with the colonial administration that preceded it. While the capabilities of the state would recover somewhat, they would never again reach the stability achieved under Belgian colonial rule. Little to none of this administrative collapse should be laid at the feet of resource wealth. Resources in the ground did not change much, nor did production and exports.

In the weeks leading up to formal independence, several attempts were made to establish an independent secessionist state in the rich copper mining region of Katanga. These attempts were stifled by the colonial government. However, on July 11th, 12 days after formal independence, the province of

Katanga declared its independence. The central government, disorganized and incapacitated by the striking internal security forces, and without the backing of the metropolitan government, was powerless to stop it. The diamond mining province of Kasai followed suit, by declaring its autonomy on August 8th. In both cases, powerful foreign mining interests encouraged the secession. Given that their prior business arrangements had been upset by independence, it is not surprising that large mining companies like UMHK supported the secession of Katanga. Links to local civil administration and leaders could provide some measure of credible commitment to the maintenance of their business interests. While formal independence had come with some assurances of good treatment on the part of the new administration, it would have been foolish to believe that this agreement could stand long once Belgian troops had withdrawn from the country, given the nationalistic elan of the moment and the relatively poor terms of the agreement. A realist analysis of their business strategy would dictate seeking a more stable alliance if possible.

In this case the different extraction profiles of Congo's major export minerals did not seem to matter very much. Diamonds in the Congo are mainly alluvial, which means they fall under the category of "lootable resources." They are easy to mine and transport relative to their concentrated value. Mining diamonds does not require extensive social organization or large outlays of capital. Copper has the opposite resource profile. It must be separated from other ores with which it is found and exports by the ton rather than by the carat. Large outlays of machinery and transport infrastructure are necessary to reap the benefits of copper mining. Despite these contrasting profiles, both Kasai and Kantanga, diamond and copper producing regions seceded.

Many will see these developments as examples of resource-based turmoil. The regions without significant exportable resources stayed loyal to the new state, while those with them tried to avoid sharing them with others. Resource revenue appeared to be a major motive for secession. Union Minière had every reason to think it could control Moise Tschombe, the leader of the Katangan revolt. (Ndaywel è Nziem, 1998, p. 573) The following year, the short lived "Free Republic of Congo," based in Stanleyville was able to subsist almost exclusively due to six metric tons of gold freighted to Egypt on a Swissair cargo plane. (Martens, 1985, p. 132)

The timing, however, is difficult to explain with reference to natural resources. The resources were always there, what changed was the strength of the government in Leopoldville (Kinshasa) and its relationship to the mining companies in its jurisdiction, not the appearance of new resources. Natural resources may have provided a motive and means of secession, but they were not appreciably more so in 1955 than in 1965. An ethnic explanation is no more convincing. At independence, nationalism was quite strong among the population. The Congo's many ethnicities had yet to stake a strong claim to their separate identities as would increasingly be the case throughout the post-independence years as the allied front against the Belgians began to splinter. Revealingly, prior to the country's independence, Katanga had already attempted to secede. Perhaps UMHK could see the writing on the wall in the late 1950's. This attempt was decisively quashed by the colonial government, despite significant encouragement from Belgian companies and nationals. As soon as the government was no longer backed by Belgian forces and the revenue such forces helped secure, secession could proceed unabated. Indeed, the entire Congolese air force was in Katanga, as was the largest military base (Kamina). Making matters even more difficult for the government was the presence of a large contingent of Belgian troops in the Katangan capital Elisabethville, ostensibly to protect Belgian nationals. Despite official Belgian opposition to secession, the attitude of the armed forces on the ground was much more ambiguous, if not outright supportive of the rebels.

Changes in the distribution of power and security assurances with respect to resource proceeds appear to explain the outbreak and success of conflict far better than the existence of valuable resources alone. Indeed, if we were to predict the duration of a secession based on the resource profile of the province, one would have expected Kasai and the Free Republic in Stanleyville to survive longer. The resource revenue in those states was both easy to capture and transport relative to Katanga's copper. Once cut off from Congolese ports, Katanga required the cooperation of both Angola and South Africa to export its copper via railway freight. Yet it was Katanga's secession that proved to be far more durable and problematic for the fledgling democracy and its international supporters. One could speculate that because of Union Minière's extensive investment in the province, it could credibly commit to back the secession in ways perhaps the diamond mining companies of Kasai could not. Moreover, the technical expertise of the company combined with their independent revenues assured their bargaining position against a regional take over.

The weakness of the new Congolese state was further demonstrated by its request for US and UN peace-keeping troops on July 12th, 1960, to help preserve the integrity of its borders. In the end, by January 1963, the Republic of Katanga accepted to be folded into the government from Leopoldville for two reasons. UN threats of embargo on its copper and the threat of barring the Belgian extracting company Union Miniere from paying royalties to the secessionist state helped weaken Katangan leader Tschombe's position internally. Finally, an assault by UN peacekeepers backed by US military logistical support brought the regime to its knees. The Katangan secession was only vanquished with direct international intervention.

Ironically, the same international help that secured victory for the Congolese central government served to destabilize it at home. Perceived as beholden to foreign powers, the government had a difficult time establishing its legitimacy in an intensely nationalistic period. After all, the influential mining conglomerates were still in foreign (mostly Belgian) hands. How could one justify the Congo's chief source of revenue accruing principally to foreign nationals, even after independence? Furthermore, independence was accompanied by very high expectations for prosperity. The relative prosperity of the fifties had shown the Congolese what its production potential was. The Congolese people would surely be far richer if they could take control of their country from the exploitative clutches of foreign companies. Their idealistic hopes were to be dashed, however.

Even with its revenues from copper royalties restored, the Congolese state was still weakened by fierce political divisions and the need for foreign support was acute. Moreover, most newly independent Congolese citizens did not feel any richer than they did before independence. Indeed, political instability and nationalism had combined to drive out a significant number of foreign businesses and investment. To follow the Jones-Luong and Weinthal framework, after independence social expectations for redistribution were now high rather than low but the things that had made prosperity possible (stable Belgian economic administration, civil peace, Belgian investment and management) had all but vanished. The years following independence revealed the extent to which emancipation from colonial domination proved to be a pyrrhic victory.

Highlighting the continued weakness of the fledgling democratic state, a nationalist and socialist insurgency began in October 1963 that captured several major regions including the city of Stanleyville. Again, it was only defeated with financial support from the Europeans and military support from South African mercenaries. Lust for resource riches may have provided a motive for rebellion, but nationalist and socialist fervors equally underlined the military weakness of the Congolese state in the post-colonial period. In six months, a quarter of the country was overrun by a rag tag group of Marxist nationalist revolutionaries with little more than moral support from the major communist powers. However, once the central government in was reinforced by American materiel and Belgian military advisors, even the appearance of Bolivian revolutionary Che Guevara in April 1965 could not stop the collapse of the revolutionary movement. Incapable of financing itself, administrating its vast territory, or defending its borders the new Congolese government was a certainly a tragedy but not necessarily a natural resource induced tragedy.

(c)

Zairianization: Domestic Public Ownership 1966-1997

In this post-independence period, ethnic rivalries also gradually resurfaced. Conscious of the political stakes involved in being ruled by a rival ethnicity, these rivalries manifested themselves in the debates about the administrative organization of the country into provinces and districts. (Ndaywel è Nziem, 1998, p. 635) While the cities were usually multiethnic, the country side surrounding them was ethnically homogenous. Civil servants dispatched from the central government, locally stationed army garrisons, and business elites tended to be of a different ethnic group that the majority of a district. This was the source of tensions and eventually led to the displacement of these elites. Ndaywel è Nziem cites the case of the Zande in Stanleyville and the Kusu in Bukavu who were chased from their respective towns, but contributed to the flourishing of other cities (Isiro and Kindu in the Maniema province). (Ndaywel è

Nziem, 1998, p. 635) This displacement however weakened the control of the central state and decreased administrative efficiency as relatively more experienced personnel were substituted by individuals chosen primarily for their tribal affiliation.

A first step towards consolidation of state power occurred when Congo's first indigenously drafted constitution was promulgated on August 1st, 1964. It gave the central government control over import taxes, provincial governments control over personal income taxes, and most importantly provided for a revenue sharing agreement on export taxes. The provinces inherited between 45% and 75% of export revenues, depending on the size of the exports. However, this constitution was short lived as a coup headed by Mobutu led to the nationalization of Congo's mineral wealth June 7th 1966. This increased control over the country's mineral wealth was probably decisive in stabilizing the political situation in the new Republic of Zaire. However, this nationalization had two countervailing drawbacks. First, the agreement eventually reached with Belgium on compensation for these expropriations contributed to revenue problems that would become pervasive for the Mobutu regime. Second, if we follow Jones-Luong and Weinthal's classification, nationalization of the mineral industry shifted the Congo (now Zaire) into the camp of domestic public ownership. While, as we will see, this arrangement proved a lot more politically stable than foreign private ownership, it brought together the concatenation of perverse incentives described earlier as leading to a predatory rentier state and slow economic growth.

While control over resources did not prevent revolts and conflicts from occurring, Mobutu was able to repress or limit them without international aid. Tshombe's attempted return on July 16th, 1966 fizzled out almost before it began. Laurent Kabila effectively managed to maintain a socialist inspired fiefdom in eastern Congo (particularly in the province of Kivu) for the duration of the Mobutu regime. Financed by sales of gold, this fiefdom was limited to rough mountainous terrain and jungle, however. Kabila's forces were unable to succeed in open terrain.

Moreover, Mobutu's regime began a process of nation building that the central government now had at least some resources to effectively conduct, though many of these funds were in the form of loans made over promises of future resource revenue. The former prosperity of the Belgian Congo had not been forgotten by investors, though their faith in the credit-worthiness of the Mobutu regime was to be severely tested. During this period of nation-building, city names were Africanized, monuments from the colonial era were dismantled, and even names of mixed African and colonial children were Africanized. For example, President Joseph Desiré Mobutu officially became Mobutu Sese Seko Kuku Ngbendu Wa Za Banga.

More than just a symbolic gesture, this process included a complete reorganization of the armed forces, including a nationalization of the police force which was until then the domain of the provinces. Mobutu's party, the

MPR, was folded into the state.

Unfortunately, as was often the case in the 1960's, increasing centralization of power and nationalizations were accompanied by declining efficiency of investments. As was not uncommon at the time, Mobutu invested much of the country's newfound wealth into large infrastructure projects with little attention to return on investment. These “white elephants” included the steel mill at Maluku, the enlargement of the port of Banana, and the Inga dam. Indeed, after years of political instability, the returns to these investments may have been political rather than pecuniary, which is fortunate because financially these were not a success. Large debts were also contracted to build the Mobutu bridge at Matadi (215 million dollars), the bridge at Cité de la Voix du Zaire (158.6 million dollars), the airports at Goma and Kisangani (135.5 million dollars), the Inga-Shaba high power electricity lines (771.4 million dollars), and the dams at Inga and Mobayi-Mbongo (478.4 million dollars) (Ndaywel è Nziem, 1998, p. 737). While infrastructure investments were crucially necessary, the size, type, and location of these investments were undoubtedly of the wrong kind, if the purpose was economic, something that Mobutu himself admitted in a mea culpa speech on July 1st, 1977. While the short-term prestige and hope derived from these large projects may have solidified Mobutu's control over the country, the debt incurred made further borrowing to finance more profitable investments difficult. The price of state building seemed to be economic efficiency.

While the problem of internal order was overcome mainly through outside intervention and subsequent appropriation of the government's chief source of revenue[7], the problem of generating economic growth that would fulfill the promise of independence for the majority of citizens had just begun. As far as internal order was concerned, it would appear that in the period following independence the DRC conformed pretty well to the model outlined by Richard Snyder, even though the resources in question were not principally of the lootable variety. The more the central government was able to appropriate a share of the revenues from resource extraction, the more it was able to exercise control over its territory. However, Mobutu was also well known for his willingness to line his pockets at the public trough. Jones Luong and Weinthal use Zaire as evidence for intra-elite collusion where Mobutu exchanged easy taxation for easy stealing on the part of public company managers. In 1976, Mobutu was quoted as having instructed his bureaucrats: “If you want to steal, steal a little cleverly, in a nice way. Only if you steal so much as to become rich overnight, will you be caught” (Shafer, 1983, p. ?) Shifting to public ownership had a strong political logic to it, but its economic logic was questionable.

Economically, the Africanization of the country's economy backfired as it became quickly apparent that the creation of a managerial and business oriented middle class would require significantly more domestic human capital than was available. Nationalizations of many companies were reversed as some expropriated businesses were simply looted, while others struggled as a result of

7 In 1975, for instance, copper alone accounted for 70% of Zaire's public revenue.

poor management skills and lack of knowledge. However, the former owners thus re-empowered were extremely wary of the Mobutu regime and were loath to expand their businesses or proceed with capital improvements. The future did not seem promising to these (mostly white) business men. Even more problematic for the country's future, these business owners now expatriated profits as quickly as possible, depriving Zaire of needed capital. In addition, many small traders, traditionally of Portuguese, Greek, or Pakistani origin, were chased from the nation's countryside. These traders were crucial to supplying rural areas with seeds, tools, and other necessities. Without them and their specialized knowledge of the terrain and the needs of their customers, misery quickly spread. (Kabwit, 1979, p. 402)

This dismantling of non-mining business activity in the name of “Zairianization” had the consequence of increasing the share of the mining sector in the economy until it had reached half of all commercial activity by 1974. Years of Belgian economic diversification of the economy were in the process unraveling. Also contributing was the endemic neglect of the road infrastructure throughout the country. Mining exports required the maintenance of rail lines, and these were for the most part kept running, but the Zairian regime did not appear to see the utility in maintaining good roads around the country. This proved disastrous for the non-mining economy, in particular agriculture, where farmers large and small could frequently no longer (or no longer safely) bring their surplus produce to market. (Leslie, 1993, p. 123, 130)

More than just stifling established economic activity, the failure to upkeep and upgrade the country's road infrastructure also significantly raised the cost of new economic activity, particularly for small entrepreneurs. Mobutu's government was only able to maintain an estimated 25% of the country's 145,000 kilometer network of roads inherited at independence. The Office des Routes (Roads Bureau), colloquially known as the "Office des Trous" (Potholes Bureau) suffered from chronic underfunding. In the mid-1980's, it reportedly took ten to fourteen days to make the 454 kilometer drive between Kinshasa (Leopoldville) and Lumumbashi (Elizabethville)[8]. Equally problematic is the lack of fuel infrastructure. When available, gas continues to be expensive, further contributing to the difficulty of conducting any commerce. James Robinson estimates that of the 90,000 miles of roads inherited from the Belgian colonial administration only a few thousand miles remain usable today. (Robinson, 1997) Robinson argues that there was a political logic to this neglect. A good road network facilitated insurgencies to a greater extent than it facilitated control. Moreover, increased commerce would potentially undermine Mobutu's power base by facilitating the rise of new elites or a middle class.

Instead of maintaining and improving the road infrastructure, the regime preferred to invest in the kind of large infrastructure projects mentioned earlier, none of which succeeded in promoting long term growth. For example, the $250 million Maluku steel mill project mentioned earlier never acquired the necessary equipment to process Zairian ore. As a result, it never operated at more than 10% capacity (on the strength of scrap imports) before it finally closed down in 1980. (Leslie, 1993, p. 104)

Ill-advised economic policies reduced the country from resource abundant to resource dependent in under fifteen years and it is difficult to blame colonialism, foreign rapaciousness, or natural resources for more than a fraction of this state of affairs. When the world price of copper began a precipitous decline in 1974, no other sector industrial or agricultural was capable of mitigating the disaster. In 1950, during the colonial age, mineral exports accounted for 51.2% of exports. By 1970, minerals reached 84.9% of exports. The crash in copper prices illustrates the dangers of resource dependence in the face of commodity price fluctuations, but this dependence was neither natural nor inevitable as demonstrated by Belgian policies encouraging surplus agricultural production, as opposed to Mobutuist policies discouraging it and other forms of private economic activity. Nor can we even say that these policies were inevitable outgrowths of political necessity. Agriculture did not interfere with Mobutu's state and party building projects and neither did small business activity on the whole (perhaps the creation of domestic business elites based on large scale business activity could have posed a threat), but by undercutting the infrastructure and human capital necessary to conduct any kind of non-mineral economic activity at a national level, Mobutu helped turn a moderately resource dependent state and country into an overwhelmingly dependent one.

[Part V – Section 3]

Evidence from the Congo Reconsidered

If we cannot link resource dependence solely to resource abundance, what else might explain a country like the DRC's slide from abundance to dependence? The history of the DRC appears to provide anecdotal support for the theory and econometric evidence adduced by C.N Brunnschweiler and E.H. Bullte that often conflict and development failure are major causes of resource dependence, rather than the other way around. (Brunnschweiler and Bullte, 2008, p. 616) One piece of evidence from the Congo supporting their claim is that during the conflict-ridden post-independence period mineral production held up a lot better than agricultural production.

Table 1.
Mineral and Agricultural Production 1960-1965
(per 1,000 metric tons unless indicated)

Category	*1960*	*1961*	*1962*	*1963*	*1965*
Copper	302.3	295.2	296.9	270.0	287.6
Cobalt	8.2	8.3	9.7	7.3	8.4
Diamonds (mil. carats)	13.4	18.0	14.7	15.2	-
Gold (1,00 kg.)	11.0	1.5	7.3	7.0	-
Zinc	190.0	185.0	167.0	170.0	180.9
Coffee	58.6	34.2	30.5	34.4	19.0
Oil Palm	168.9	153.8	153.6	138.5	-
Cotton	42.4	10.8	10.9	8.5	4.5

Source: Leslie, 1993, p. 102

From the table above we can see that during this time of civil turmoil, copper production declined 10%, cobalt production actually increased 2.4%, diamonds actually increased 13.4% (by 1964), gold decreased 36.4% (by 1964) , and zinc decreased by 10.5%. On the agricultural side, coffee production tumbled 68.6%, palm oil production decreased by 18.6%, and cotton production collapsed 89.4% from its colonial levels. To be sure, civil conflict may not be the only explanation for these differences, and the comparatively mild decline of palm oil production needs to be accounted for. Still, it is remarkable that during a civil war resource exporters continued business as usual to the extent that they did. If the immediate need for revenue and political uncertainty militate in favor of mining intensification[9], the difficulty of getting ore to market during wartime seems not to have been a significant deterrent. At any rate, whether the precipitous decline in the production of cotton and coffee was war related or policy-related, it cannot have been due to a relatively constant rate of natural resource production. The thesis that political conflict and the resulting destruction of infrastructure left the resource sector as the only game in town seems plausible. We are certainly led to wonder if conflict, institutional degradation, and economic collapse are a better explanation for resource dependence in the case of the Congo than mere resource abundance.

Debt also appears to play a large role in the economic woes of the DRC. As pointed out by Manzano and Rigobon, public debt is a severe break on economic growth. (Manzano and Rigobon, 2007) When Mobutu nationalized the

9 One would expect that rational leaders of countries or regions in peril would intensify revenue gathering activities if they could because of the discounted likelihood of staying in power. This intensification

country's mining companies, the compensation he agreed to pay to the Belgian owners started the country down a path of debt. From then, poor public investment decisions led to a chain of aborted development efforts. If large scale Zairian public investment projects had provided a return on investment, Zaire's debt burden would have been far less crippling, enabling funds to go to more productive uses or towards the relief of the many human tragedies the country has known over the years. Instead, as the economy worsened under the Mobutu regime, the country's debt burden increased, further sapping away funds that could have been used for development or poverty relief.

[Part V – Section 4]

Conclusions and Lessons

I have tried to trace a partial history of the DRC from its time as a colony through the end of the Mobutu era in order to see what role natural resources played. What appears clear is that poor domestic economic policies led to both debt and resource dependence. While colonization was undeniably traumatic and oppressive, a remarkable portion of Zaire’s woes are self-inflicted, or perhaps Mobutu inflicted, though the desire for immediate and complete secession from Belgian administration was probably nearly universal. And one can trace a significant number of problems Zaire has faced over the years to the capital flight, including human capital flight that accompanied both the threat of independence and eventually actual self-rule. Though Belgian rule over the

would also increase the probability of staying in power.

Congo may have been politically and morally unconscionable, it also accounted for a significant portion of the economic success enjoyed by the country, particularly in the period from 1940 to 1960. Other countries like Mauritius and Botswana accepted a slower transition towards domestic rule and have had a less tragic history to show for it.

In hindsight, the years following independence were decisive. During this time of turmoil, the country's economic base, particularly in agriculture was weakened leading to a relatively increased dependence on resources that was only accentuated by subsequent the Zairianizing and infrastructure destroying policies of Mobutu Sese Seko.

Those who claim that resource dependence leads to weak political institutions and conflict will find ample evidence of this in the Congo of today, but this ignores a long history of resource wealth and political stability as well as a trend towards resource dependence that cannot be laid at the feet of resource wealth. Zaire's poor economic performance finds its roots in unfortunate public investment decisions leading to massive debt, a failure to maintain the transportation and communications infrastructure needed to keep the economy diversified enough to withstand commodity price shocks, and the premature Africanization of the civil service and the armed forces. The nationalization of the natural resource sector in the Congo may have been politically necessary to keep the country together, but in light of subsequent events one wonders if the price was worth it.

Had the Belgians not driven such a hard bargain initially to protect their commercial interests or arranged to gradually cede stock in their enterprises to domestic entrepreneurs, the history of the DRC might look quite different. With fewer interests to protect, the Union Miniere may not have lent its support to the Katangese secession and gradually the mining industry would have slid into Congolese private hands. The DRC's history would also look very different if the Belgians had decolonized somewhat more slowly and prepared domestic civil servants and more aggressively trained a cadre of African officers in the Force Publique. A stronger, more effective state could have tempered civil conflict without international aid, thus bolstering its domestic legitimacy. A domestic private structure to the country's resources would have maintained the government's incentive to provide transparent oversight (indeed, it would have likely been strengthened because the colonial relationship provided some union of interests between private companies and the government). Domestic private ownership would have provided the demand for fiscal and regulatory institutions that might have helped the rest of the economy. Even had the new Congolese state acquired the Belgian government’s shareholder representation in the foreign companies operating on its soil, things might have played out differently.

Instead of a threat to its power like it was under Mobutu, diversification of its revenue base would have been sought after by this hypothetical alternate government, perhaps in order to decrease the influence of the resource sector or simply because relative power over civil society would become less interesting than absolute gains under a less threatened regime. This alternate version of events was not altogether likely and indeed would still be beset by the high expectations of nationalism and the demands of long repressed ethnic groups. Independence, even under the best of circumstances, would have likely caused some degree of capital flight (both human and liquid). The evidence of stock prices from the late 1950's belies an increasing pessimism on the part of Belgian and international investors about the prospects for profits in the event of Congolese independence. It would have required some very deft politicking to convince investors that decolonization would not bring witch hunts and expropriations along with it. To some degree, the logic of a return to home rule demanded it.

[Chapter II - Part VI]

From the "Resource Curse" to International Distributive Justice

In my study of the history of the Democratic Republic of the Congo, I tried to show how resource dependence was often and pervasively socially constructed by the decisions of domestic political actors from independence onwards. Elsewhere in the chapter, I provided evidence for the idea that institutions of extraction and forms of ownership mattered more than mere possession of the resource when it came to explaining development outcomes. Despite all of this, as I suggest in chapter one the search for and development of resources is primarily driven by a demand for resources that is largely outside the resource abundant country.

Many theorists of international political economy argue plausibly that this export dependency of industrialized countries is unhealthy. However, if chapter two is correct, then the ill-health of these economies is primarily driven by internal dynamics. The resource curse literature strongly suggests that underdevelopment and conflict are traditionally associated not with resource abundance, but resource dependence. If we have successfully shown that a country's resource abundance is primarily socially constructed abroad (Chapter I) and dependence is primarily socially constructed at home (Chapter II), then I think we can say with confidence that resource-based underdevelopment is not a promising avenue for justifying international transfers of wealth. It is to this issue that we now turn.

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[Chapter III]

The Role of Natural Resources in Theories of Global Distributive Justice

People are understandably concerned by the existence of poverty on a mass scale in the developing world. Perhaps also worthy of concern is the massive global inequality between those who live in the relative comfort of the developed world and those who live in the gut-wrenching poverty of the developing world. Motivated by these concerns, political philosophers have provided an array of accounts of global justice aimed at grounding duties of assistance on the part of the more fortunate.

Natural resources play a supporting role in four major arguments supporting transfers of wealth or resources across borders on grounds of justice. In brief, these four arguments are: an argument from moral arbitrariness, an argument focusing on the current biases of the international economic system, an argument focusing on past injustices in the international economic system, and an argument from the Lockean proviso. These arguments are not at all mutually exclusive but they each rely on natural resources in a distinctive way. Like an edifice that relies on the structural integrity of an array of support beams, these arguments are all based on natural resources in such a way that if we change our account of natural resources, we are forced to reconsider the validity of the argument. Remove the support beams from the edifice, and the edifice's structural integrity is compromised, at least until something is found to replace them.

This chapter seeks to remove the natural resource support beams from the argument in favor of international redistribution of wealth and replace them with more structurally sound beams. The edifice does not crumble completely, but some important features do change. Immigration and free movement gain pride of place at the expense of resource taxes, transfers, and "global funds." Also, the principle of permanent national sovereignty over resources finds itself weakened in favor of a principle of open access to natural resources.

Removing and replacing the natural resource support beam for these arguments does nothing to disparage other arguments in favor of international transfers of wealth and income, namely those relying on need, other types of equality, or utility. It does not appreciably weaken arguments for the creation of international institutions of global governance, and in some instances suggests some instrumental reasons to build them.

[Chapter III – Part I]

Why care about Global Distributive Justice?

An ascetic or a virtue ethicist might wonder why liberals of all stripes care so much about who has what material possessions. Is it not sufficient that people treat each other well, regardless of their level of absolute or relative wealth? Liberals care about international distributions of wealth because of their twin concerns for liberty and equality. Most foundational liberal texts emphasize some conception of moral equality that all individuals share. France's universal declaration of the rights of man was not conceived of as only pertaining to French citizens (or men for that matter). Liberals have frequently challenged slavery, colonialism, genocide, trade barriers, and immigration barriers on account of a concern for the equal treatment of individuals no matter where they were born.

Beyond equality, liberals also manifest a concern for liberty. Traditionally liberals have supported market economies because of their success in expanding positive liberty (at least on balance) and the space over which individuals can exercise their autonomy. (Constant, 1816; Berlin, 1969) The larger a market, the greater choice of occupation and the greater diversity of consumer choices individuals possess. As economist Murray Rothbard once noted, “No one, for example, can become a creative physicist on a desert island or in a primitive society. For, as an economy grows, the range of choice open to the producer and to the consumer proceeds to multiply greatly.” (Rothbard, 1971, p. 226) The range of positive liberty available to all is presumably part of the worth of John Rawls's basic liberties as well, though perhaps less intrinsic to his view than to the view of classical liberals. For example, freedom of association and freedom to choose one's occupation primarily derive their worth from the extent of the division of labor, or the size of the market. It is not clear what the worth of choosing one's occupation is if the only option is subsistence farming. While one does not have to go as far as Rothbard and recommend the extension of the market to the farthest possible reaches of the earth, most liberal views rely on some level of economic development that makes associations and other freedoms meaningful realities and not merely aspirations.

If it can be shown that the absence of wealth within a particular territory makes it impossible to sustain even minimally decent societies with sufficiently sized domestic markets, where the worth of liberties for the worst off is approaching zero, liberals will tend to find that the case for redistribution of wealth across borders is strengthened. At any rate, as many have suggested, the protection of negative liberties is often costly domestically (Holmes and Sunstein, 1999) and internationally (Buchanan, 2004). The possibility that conditions are such that there is a mismatch between a society's capacity to establish justice and the means it has access to is certainly a real one.

[Chapter III – Part II]

Cosmopolitanism vs. Interactionism

The field of global distributive justice has primarily been characterized by two justificatory strands. The cosmopolitan view is based in the equality of all people and the relative arbitrariness of national distinctions. The other is an "interactionist" account that grounds duties of justice in the relative "thickness" of interactions between individuals. The former is friendlier to global justice than the latter, though some have argued that the increased international cooperation occasioned by globalization can serve to ground some limited (or perhaps even quite extensive) duties that do not respect national borders (Beitz, 1979; Pogge, 2005).

One interactionist account arguing that redistribution across borders is not a requirement of justice is provided by Matthias Risse who argues that the case for redistribution of wealth across national boundaries fails most notably because redistributive claims are a kind of claim that depends on individuals sharing a coercive set of institutions that regulate burdens and benefits. Redistribution, Risse argues, is in particular necessary to compensate for the coercive enforcement of certain kinds of property regimes (Risse, 2005). Risse draws this view from other prominent philosophers like Thomas Nagel (2005) and John Rawls (2001).

Cosmopolitans respond by noting that that domestic property regimes, and in particular those aspects of the property regime that pertain to natural resources, must be justifiable to those who are coercively excluded from them. The international legal, political, and economic order in fact is a coercive structure that requires justification, undercutting the interactionist argument. Citizens therefore do exist in an environment that permits claims of a redistributive nature. The following assumes some form of this rebuttal of the interactionist model works.

This being said, merely because citizens exist in an environment where redistributive claims are permitted does not mean that redistribution among countries is warranted, or even a good idea. All this says is that those claims are of the right sort, pending confirmation that the international economic and political order is indeed unjustifiable based on the best available principles.

[Chapter III – Part III]

<u>The Moral Arbitrariness of Natural Resource Endowments</u>

[Section 1]

Rawls, Beitz, Pogge

One way of linking natural resources and claims of global distributive justice is by noting the moral arbitrariness of the distribution of natural resources relative to people across the world. This argument piggy-backs on a long tradition of treating morally arbitrary, that is to say underserved and unearned, features of our world as providing inadequate justification for inequalities in holdings across individuals. On this view, differences in natural talents, social environments, and even character cannot provide a basis for differences in distributive shares of goods or opportunities. We can only claim these things (opportunities and goods) on the basis of morally significant factors.

One exponent of this sort of view at the domestic level is John Rawls. Rawls, however, does not see the international environment as suitable for claims of distributive justice. Rawls views the kinds of relations that co-citizens engage in with one another as qualitatively different than the kinds citizens of different countries engage in. Co-citizens share a “basic structure” to which his two principles are uniquely suited. To apply Rawls' two principles of justice to individuals who do not share common political and legal institutions is to take these principles out of their proper context. This is not to deny that there could be principles of justice that are in play across borders, even principles of distributive justice, but these ought to be principles that take into account the kinds of institutions and shared “basic structure” present at the global level, not the ones present at the domestic level.

The domestic basic structure is characterized by a legislative, executive, and judicial apparatus that does not just redistribute wealth according to a difference principle, but structures the distribution of wealth in the first place. Indeed, it also helps shape the norms of appropriateness that structure the range of individual preferences within each society. This apparatus is rudimentary or absent in international relations. Rawls rejects the idea that there is some “natural distribution of wealth” that is then redistributed by political institutions. Political institutions are constitutive of political and economic reality, not epiphenomenal. As Samuel Freeman notes, the “global difference principle is doubly infirm, without both agency and object – no legal person to implement it. And no legal system to which it is applicable” (Freeman, 2007, p. 444).

Rawls’ reticence to apply his view at the global level has left many fellow travelers dissatisfied. Two major features of Rawls’ view have come under fire:

his apparent blindness to the existence of international institutions that structure the distribution of burdens and benefits across nations and his apparent insensitivity towards the arbitrariness of nationality. The first reason I will address in the next section. The second is our current preoccupation.

Much of Rawls' argument in favor of domestic principles of justice is based on the moral arbitrariness of factors like natural talents and family background for which individuals can take no credit. It is puzzling to many that nationality and proximity to resources are not taken as adequate reasons to set up a global original position. They would appear to be just as undeserved.

Thomas Pogge takes this stance, "It matters a great deal whether one is born a Mexican or a U. S. citizen, and so we do need to justify to a Mexican why we should be entitled to life prospects that are so much superior to hers merely because we were born on the other side of some line-a difference that, on the face of it, is no less morally arbitrary than differences in sex, in skin color, or in the affluence of one's parents" (Pogge, 1994, p. 198). Moreover, on his view part of the arbitrariness that makes distinctions between nationalities so relevant are differences in access to natural resources. Thus elsewhere he argues, "The natural assets in a state's territory are not a reflection of the moral worth of -are not deserved by- either this state or its citizens. The moral arbitrariness of the distribution of natural assets supports (within a Rawlsian framework) the conclusion that those whose territory includes exceptional natural assets have no claim that a just global economic scheme should offer any particular rewards for making these assets available" (Pogge, 1989, p. 251). Pogge is joined by many including Allen Buchanan (2004) and Charles Beitz (1979) in suggesting that some remedy for these arbitrary inequalities seems warranted.

The fact that neither Rawls nor Nagel nor Risse see a legal set of institutions capable of implementing global principles of justice does not seem to address the argument that they should be created. To treat justice a "supply side" phenomenon only is to ignore that justice by and large "makes demands" of people. Where there is no agent to secure its blessings, justice would seem to demand the creation of precisely such an agent. The concept of justice should not depend on the existence of institutions capable of carrying it out, though it certainly depends on the feasibility of such institutions.

In his 1979 book *Political Theory and International Relations,* Beitz presents an adaptation and extension of John Rawls' *Theory of Justice* to the international arena. The book's main contention is that world trade globalization and economic integration has forced the scope for justice outside the traditional bounds of the nation state. If something like "social cooperation for mutual advantage" is the standard for determining the scope of justice as Rawls seemed to suggest at the time (before the publication of *The Law of Peoples*), then the entire world must be subject to some form of the difference principle. While institutions capable of realizing the two principles of justice at a global level may not yet be present, the existence of widespread social cooperation provides a reason to build them[10]. If Beitz was right about the impact of globalization on Rawls' view in 1979, thirty years later a significantly more economically integrated global economy can only have increased the relevance of his insights. The interconnectedness of the banking world was made evident from August 1998 onwards, and the lack of a strong framework to address the differential burdens of global bank failures starting with the American home mortgage market brought home how the costs of risk taking in one country could be partly externalized to other countries.

In the context of a global original position Beitz argues, “The parties to the international original position would view the natural distribution of resources as morally arbitrary. The fact that someone happens to be located advantageously with respect to natural resources does not provide a reason why he or she should be entitled to exclude others from the benefits that might be derived from them. Therefore, the parties would think that resources (or the benefits derived from them) should be subject to redistribution under a resource redistribution principle” (Beitz, 1979, p. 138).

Beitz wants to make a distinction between two different kinds of resources that Rawls finds to be arbitrarily distributed from a moral point of view: resources in the world and personal talents[11]. He finds two salient reasons

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10 It is interesting to note that if principles of justice are only appropriate to a given basic structure, then they do not provide much guidance when it comes to deciding whether to build a basic structure or not. Rawls's Theory of Justice may not have much to say about issues of secession or unification.

11 For Rawls, principles of justice for the basic structure of a society are determined by a fair bargaining process between individuals situated behind a “veil of ignorance.” This veil prevents individuals from knowing “morally arbitrary” features about their circumstances, such as race, religion, class, intelligence, and so on. These features are deemed morally arbitrary because any differential treatment

to do so. First, Beitz says, "Resources do not stand in the same relation to personal identity as do talents. It would be inappropriate to take the sort of pride in the diamond deposits in one's back yard that one takes in the ability to play the *Appassionata*" (Beitz, 1979, p. 139). In other words, because personal talents are enmeshed with our identities, their moral relationship to us is complicated in ways that natural resources are not. We may not deserve our identities, but we *are* our identities and this makes the argument for redistribution more complex, and difficult to reconcile with protecting personal liberty in a liberal paradigm[12]. The distribution of resources, however, is unburdened by such difficulties. Second, the appropriation of resources "out there" is a rivalrous affair. While it may be claimed that my appropriation of an apple tree or a piece of land deprives others of the opportunity to acquire that resource, my possession of talents does not deprive anyone of theirs. For these reasons, resources seem to be even more persuasive terrain for talk of duties.

An argument for redistribution requires at least two things. One has to show that there is (or could be and ought to be) some power that has the authority to realize the distributive changes desired. One also has to show that the moral ties between individuals and the things they possess are weak. At the very least, one must provide reasons why it is less important that their current possessors enjoy them than those to whom they are to be given and factor in some maneuvering room for transaction costs. This latter task is the one just

based solely upon them would be unfair.

12 The worth of Rawls's first principle of justice, the principle of maximal equal liberty, is difficult to

attempted by Beitz. No one can claim ties to resources that are on par with ties to one's personality traits. It is perhaps controversial whether individuals ought to be allowed to benefit or suffer from the consequences of genetic characteristics they had no part in creating or developing. It is much more difficult, Beitz thinks, to argue that people ought to benefit or suffer from their proximity to resources which they had no part in producing. Possession of such natural resources is best viewed as "mostly accidental." There is little standing in the way of someone with the right kind of authority rearranging their possession. There could be prudential reasons, but there are no moral reasons to speak of. The enterprise of redistribution is complicated, though perhaps not fatally, if one can show that there are moral reasons to tie particular individuals or groups to natural resources.

To show that arbitrary resource differences can ground duties of redistribution, Beitz also wants to show that current unfair advantages enjoyed by countries can be partly explained by resource advantaged. If resource "advantages" provided no advantage, Beitz would be hard pressed to show that resource inequalities were a matter of moral concern. For an inequality to matter, it has to make a difference. Beitz says: "We can appreciate the moral importance of conflicting resource claims by distinguishing two elements that contribute to the material advancement of societies. One is human cooperative activity itself, which can be thought of as the human component of material

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make sense of without attaching moral significance to the different ways in which individuals might fruitfully exercise their liberty.

advancement. The other is what Sidgwick called "the utilities derived from any portion of the earth's surface," the natural component." (Beitz 1979, p.137) Separating the "natural" from the "human" component of natural resources is a relatively common practice. Justice, on many accounts, is about giving each person his or her due. The human component of wealth is unavoidably attached to the individuals and societies who produce it. It is due to them. The natural component is not similarly burdened; it does not appertain to anyone in particular. As noted above, possessions that are not strongly tied down by antecedent moral claims are more vulnerable to claims of redistribution. If there is a natural component to all human possessions, then that fraction is more vulnerable to claims of redistribution. Because most possessions can be transformed into money, taxation then becomes a realistic possibility[13].

This dichotomy between the human and natural component of objects and land is by no means a recent one. In the early XIXth century, David Ricardo defined economic rent as the surplus accruing to the owner of the land once all other costs of production had been accounted for. He understood it as a gift of nature. (Yates 1996, p. 16) The concept was equally applicable to mines, and today is certainly applicable to oil fields. "Mines, as well as land, generally pay rent to their owners and this rent [...] is the effect and never the cause of the high value of their produce." (Ricardo, 1821, p. 590) Some of Ricardo's contemporaries, like Henry George, used this distinction to argue for taxes on

[13] In places where property cannot be readily turned into capital, the idea seems more difficult to implement.

the unimproved value of the land. This would be efficient because it would not distort the allocation of human effort and fair because it was unclear to George why anyone should profit from an Earth that was given to all men in common.

Some are very adamant that individuals should not profit from the gifts of nature. Channeling the spirit of Henry George, African specialist Douglas Yates concludes that if rent is understood as the gift of nature, the surplus available after the cost of all factors of production are accounted for, then "The purest rentier is but a parasite feeding off the productive activities of others. Only nature is sacrificed." (Yates 1996, p.17) While Yates is not a political philosopher, his intuition is understandable. A person who just owns the land and rents out its use derives their income not from their own labor, but from the labor of others[14]. If we extend the intuition to the national level, there seems to be some part of a country's GDP that is due to rent on natural resources rather than the productivity of its workers and entrepreneurs. Nations are partially parasites on the territories they occupy and the degree to which land owners are parasitic on fellow citizen workers rather than the workers of other nations is merely an artifact of trade and foreign investment. But to whom does this "parasitic" rent belong?

While the human component of the value of natural resources seems to

14 The extent to which there is investment and speculation in land affects this judgment. Taking risks is a form of entrepreneurship (labor) than can be legitimately rewarded. A feudal lord who inherits his land and can only divest himself from it under extreme duress did nothing to gain land but be born. He does not suffer the discipline of the market for bad investments. His gains or losses due to his land are almost entirely due to happenstance, with some component of good or bad management.

have obvious claimants, who gets to appropriate the natural component is the subject of more ambiguity. It is not immediately obvious that national societies or the world at large should profit any more than individuals. None of these claimants are due any more than individual possessors. However, if there are no ties to anyone, little blocks their distribution by anyone who has good authority (or reasons) to do so either. As with the distinction between the distribution of natural resources and the distribution of natural talents, separating the value of objects into their human and natural component helps carve out a space for redistribution by separating elements that have potential roadblocks to redistribution and those that are unburdened by them. Perhaps it is sufficient to say that a world where patterns of holdings track morally meaningful characteristics is superior to a world where they do not.

Intuitively, it seems unfair that some countries are lucky enough to have abundant natural resources while others are completely barren. This is especially worrisome if this helps explain why some countries are poor and some are rich. Beitz argues that: “Some areas are rich in resources, and societies established in such areas can be expected to exploit their natural riches and to prosper. Other societies do not fare so well, and despite the best efforts of their members, they may attain only a meager level of well-being because of resource scarcities.” (Beitz, 1979, p.137) It is not entirely clear what argument he is making in this instance. It could be that he is claiming a positive relationship between a country's physical resource endowment and its level of development. As evidence on the resource curse presented in chapter two bears out, it is far from clear whether there is such a relationship and, should it exist, whether the relationship is in fact positive. It could also be that Beitz is making more of a sufficiency argument. Countries cannot develop well without some sufficient baseline of natural resources. This would be a “natural resource trap” version of the poverty trap argument advanced by development economists like Jeffrey Sachs. Below some level of natural resources, the claim goes, there is no prospect for significant development. Either way, the link Beitz wants to make between lack of resources and poverty is clear. Without sufficient natural resources, individuals cannot be expected to realize their capacities nor can (perhaps) a society be expected to be just and decent.

This insight serves to reinforce his point about the arbitrariness of the distribution of resources across the world. If resource holdings are distributed in a morally arbitrary fashion and they provide a vital underpinning to economic success, then it seems all the more vital that they be appropriately distributed. The current world distributions of wealth and income could be built upon a foundation of stolen property. This is essentially the argument advanced by Leif Wenar (2007).

[Part III – Section 2]

Difficulties

Arguments based on the arbitrariness of resource distributions face two major difficulties. The first is that the only distribution of resources we can apprehend is not a morally arbitrary one in the way that Pogge and Beitz suppose it is. The second is that there is no obvious relationship between a country's natural resource endowment and its economic performance. Arguments for global distributive justice grounded in moral arbitrariness also face the difficulty of finding non-arbitrary factors that could serve as the basis for any entitlement claims at all. The most likely candidates are individual labor and institutional features of national systems of social cooperation, both of which turn out to be major factors in determining the patterns of natural resource ownership.

There is a sense in which the distribution of natural resources that is arbitrary from a moral point of view. This distribution however is not one that is available to any human being or to humanity as a whole. It may be useful to think of two possible distributions of natural resources: a hypothetical one that includes all the physical substances that could possibly commercially exploited by mankind at any price and an actual one, one that takes as given current technical and scientific knowledge as well as conditions of supply, demand, and price. The former is arbitrary and produced by the vagaries of nature. The latter is much less arbitrary and a product of many individual and collective decisions. If individual or collective decisions are at all morally significant (admittedly, some versions of the argument from moral arbitrariness could be seen as doubting this) then the distributions we see are not unburdened by moral claims.

To give an example, the Nile River is very different from the oil fields under the North Sea. The entered our social world in very different ways. The Nile is an ancient and well-known natural resource largely indivisible and held in common for large agricultural populations in Egypt and the Sudan, while discovering oil fields under the sea requires expert analysis of expensive geological surveys and even costlier exploratory drilling that only a few organizations in the world have technical and financial wherewithal to carry out. There is nothing arbitrary about the emergence of the latter kind of resource. The primary factor that brings oil, and gold, and diamonds, and most primary commodities (including agriculture and forestry) is purposive human action. Thus there is reason to doubt Beitz when he says: “There is no parallel, initial presumption against interference with the use of resources, since no one is initially placed in a naturally privileged relationship with them.” (Beitz, 1979, p. 140) There are naturally privileged relationships, at least with respect to some resources. No one places people in these relationships, however. Rather, people forge these relationships through interactions with their environments and other people.

Sometimes people forge them together in an organized way as in for profit companies or public works projects. Sometimes they forge these relationships in a more spontaneous decentralized way, as in the case of customary farming or grazing. Either way, it can hardly be said that the patterns of ownership and use that emerge from these interactions is morally arbitrary.

If careful geological study and painstaking prospecting, along with judicious use of investment capital and labor led to the purchase of land and discovery of a diamond mine, then perhaps pride in one's diamond deposits (to follow up on Beitz's example) is less disturbing than he imagines. Granted, stumbling upon a resource is something very different from effectively bringing it into existence through the exercise of skill and effort. One is mere luck, the other is luck and skill. In practice, it appears that most of the mere stumbling has already occurred. Gone are the days when oil simply leaked out of the ground. While there is something arbitrary about our position relative to the stuff of the world, it is not clear that our choices about how we interact with this stuff (and what we do about discovering more of it) are similarly arbitrary. And what is more, it appears that the distribution of natural resources we can observe and expect to observe in the future is almost completely choice driven. If one wishes to sustain an account of arbitrary natural resource distributions, one would have to argue that our choices about how to interact with our environment are similarly arbitrary from a moral point of view. I do not think this view can be sustained nor do I believe it is one that most liberal cosmopolitans would wish to endorse, given their commitment to protecting individual autonomy.

[Part III – Section 3]

Institutional Responsibilities

Claims in favor of redistribution seem to be partially blocked by existing individual claims. Are they similarly blocked by claims that could be made on behalf of institutions? At first glance, individuals do not deserve to benefit from institutions they had no part in creating anymore than individuals deserve to suffer from being born citizens of a country whose institutions fail to adequately secure life or liberty. David Miller provides one such account of how the benefits of national cooperation might legitimately accrue to its members. While I believe Miller's argument fails, I believe its failure points us to a more plausible account of how members of national cooperative ventures could be entitled to the benefits produced by cooperation.

I gave evidence in chapter two that national institutions seemed to be the most important determining factor in the wealth of nations. Where institutions manage to credibly constrain states and private actors, economic growth is the result. Where they fail to do so, poverty persists. However, it is not clear that anyone can take credit for the successes or failures of institutions. Yet these same successes and failures account for much of the differences in outcomes between similarly endowed individuals in different countries. Can differences in institutional quality do more than just explain differences in outcomes, namely also help justify them?

David Miller makes a case for the moral significance of the nation,

> *"In the case of nations, people who deny the significance of their national identity in circumstances where such an identity is accessible to them are missing out on the opportunity to place their individual lives in the context of a collective project that has been handed down from generation to generation, involving among other things the shaping of the physical environment in*

> *which they live, and whose future they could help to determine, by political participation and in other ways." (Miller, 2007)*

Unfortunately, this explanation has a number of weaknesses. Rarely does any individual help shape the future of his or her nation in any remarkable way. Moreover, the generations Miller refers to are certainly accurate for England, possibly some of France, China, or Japan. However, many if not most nations on earth are far more recent than this. The creation of a distinctively German or Italian nationality from the hundreds of local identities was a relatively recent and not entirely innocent process. The creation of various other kinds of identities in Africa, the former Soviet Union, or the Balkans is still very much ongoing. Nationhood, with some notable exceptions, is not a timeless collective undertaking, though nation builders will certainly try to sell accounts of history that find an essence of nationality passed down since time immemorial.

In particular, there are difficulties moving from nationality to its political avatar, the nation state, which has recently sought to provide institutional stability for something that historically has been very much in flux. Indeed, this political dimension of identity is in part what defines nationality. Yet this political dimension is also what diminishes the normative suasion of nationality, precisely because of its generally involuntary character. Except in circumstances of crisis, one does not choose one's nationality the way one might choose other aspects of one's identity.

Unlike Miller perhaps, I argue that the normative value of something is closely tied to how it comes about. In other words, I am advancing a historical conception of justice rather than an intuitive or patterned view. If the nation arises in a morally meaningful fashion, then it can serve to ground legitimate moral ties. However, there is ample reason to believe that the manipulation of national identity by state elites and political entrepreneurs is relatively pervasive. The political legitimacy of the authority of nation states is hard to come by. David Laitin sums up a robust consensus among scholars of identity politics that all societies have cultural entrepreneurs that offer new identity categories in the hopes of finding "buyers." "Construction and choice, rather than blood and inheritance, is now the standard story line about identities" (Laitin, 1998, p. 12)

If this social construction were a kind of spontaneous and voluntary order, Miller's case might still be plausible, but the fact that most nations are the product of conscious assimilationist policies, frequently aided by strategies of coercion including compulsory public schooling, military service, language laws, and concerted control over the media casts doubt over the legitimacy of many nation-building projects. The fact that people sometimes buy into these schemes and that social entrepreneurs succeed in forging a sense of nationality over time is not evidence of the intrinsic value of nationality but evidence of the power of coercive state institutions.

I suspect that much of the appeal of nationality comes from the fraternal feelings incurred by participation in the life of a community. The appeal to ties of nationhood cannot depend on the importance of community however, because the necessary common life is frequently absent or artificially constructed. One may enjoy the successes of one's national soccer team and thus be brought closer to compatriots as a result, but good (or bad) soccer does not generate duties, only feelings. The fact is one often shares very little common life with other citizens of one’s nations, except perhaps through state organs: elections, wars, courts. In other words, the most salient features one shares with one’s compatriots are generally the ones one has little to no choice but to share. Still, the more nations resemble communities, the more they acquire the kinds of characteristics that might make them intrinsically valuable.

What Miller terms a collective project in most cases might be more accurately described as the rule of some over others and the procurement of benefits for members at the expense of foreigners (cartel behavior). Perhaps it is a quality of some of the better democracies in the world that their governments secure periodic authorization from their subjects, but this again would be a feature of institutions (democracy), not nationhood. In other words, political legitimacy flows not from mere membership, but the manner in which the polity is organized. And this is the insight I find most relevant to our subject: the features of political institutions are what is most morally salient about nations.

So while we have reasons to care about being members of various communities and associations, including nations, these reasons do not seem to give us reasons to block distributive transfers. Even if these attachments are constitutive of who we are and help structure our values and choices, giving them context and meaning like communitarians suggest, at best this would only provide and argument for the desirability of protecting endangered nations and communities insofar as these nations and communities are constitutive parts of the individuals whose rights we care about.

What is needed, if it can be produced, is an institutional account, because these are the features of states that produce such vast inequalities between nations, not the national character forged by centuries of communal life. While nations do not seem to be responsible for development outcomes, institutions are. The partition of North and South Korea and East and West Germany provides a good natural experiment. Three possible types of accounts of the moral value of institutions seem plausible. I will not venture to choose one, but if any is accepted then the burden on global distributive justice will be increased. Some degree of permission to redistribute across state lines will be blocked.

The first, largely inspired by Rawls, treats domestic institutions as almost completely constitutive of social outcomes. Here Rawls is joined by Thomas Nagel and Liam Murphy (2002) and Sunstein and Holmes (1999). On this account, domestic institutions are entitled to distribute more or less the entire social product since without good institutions, capable individuals would find themselves in a Hobbesian state of nature. The baseline against which the marginal contribution of institutions ought to be assessed is set quite low.

A second view might place this baseline a little higher. Locke's characterization of the state of nature, for example, was relatively benign, if plagued with inconveniences. There are possible sets of institutions that are worse than this baseline, and thus Locke justifies the right of revolution when governments fail to protect natural law. (Second Treatise, Chapter XIX) The state is entitled to compensation for its share of wealth creating activities, but that share is not quite as high because under conditions of anarchy individuals might do quite well for themselves[15]. Instead of entering the social contract as relatively equally vulnerable stakeholders (the Hobbesian model), one might view individuals as already quite unequal upon entering the social contract, some having more to gain or lose than others. On this account, if the state is responsible for more of your success than mine, this might imply different levels of taxation or fealty for each of us. Whatever the case may be, we owe the state very little for some of our talents and opportunities (those for which political society is not entirely responsible),

A third view might refuse to set a baseline. The responsibility of governments is to protect quite a long list of human rights. Governments get no credit for providing individuals with what they are entitled to by right. Individuals are bound to pay taxes and submit to authorities in order to secure these goods, but there is no question of having authority over any part of the social product even if government made its creation possible in some causal sense. States are morally required to protect rights and they receive adequate compensation for the service. On this account, the size of the social product is not necessarily a direct concern of government. Whatever distribution arises out of a just set of institutions is just.

While each of these models has different domestic implications, they each provide reasons to exclude foreigners from the proceeds of domestic social cooperation. Institutions already have claims to the domestic social product and/or obligations to discharge for which they require resources. Moreover, individuals who set up and maintain these cooperative institutions are involved in a morally significant enterprise, whose products they have more title to than those who are not so involved. If they succeed (at least partially) in excluding outsiders from a share of the proceeds of domestic social cooperation, does this mean they also succeed in excluding individuals from their sovereign territory? Later I will argue that they cannot not do so entirely.

[Chapter III – Part IV]

The Role of Natural Resources in the International State System

A second argument in favor of global distributive justice focuses on the

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[15] For one account of how relatively anarchic legal systems have arisen in the past, see Benson (1990).

inequitable or exploitative character of the international political and economic system that resource producers face. This argument is obviously part of a larger argument about how powerful countries tend to maintain their status at the expense of weaker ones. This view finds support in somewhat disparate areas of scholarship: realist international relations literature and the Marxist-inspired world systems theory/dependent development literature.

The exploitative character of the international political and economic environment is used to establish two conclusions. The first is that even if domestic institutions are deeply constitutive of domestic social and political outcomes, the international scene can be deeply constitutive of the materials domestic institutions have to work with. This is used to ground claims of global distributive justice in the face of objection from those who find insufficient international cooperation or interaction to justify claims of distributive justice. The second conclusion is that when these interactions are in fact exploitative or coercive, then they may be unjustified and subject to rectification.

[Part IV – Section 1]

Systemic Pressures

The differences between the domestic and the international arena are perhaps less than they appear for two reasons: because the anarchy that is said to characterize the international arena is less than it appears and the order and social cooperation that is said to exist at a domestic level is not as extensive as many imagine.

With respect to the former, perhaps living in large developed countries where governments and diversified economies are more able to shield their citizens from the pressures of global markets serves as a set of blinders for the developed world on these issues. Or perhaps we live under the illusion that our domestic politics are more internally driven than they really are. The global legal and economic order is certainly more omnipresent and onerous for some than others, particularly those in countries whose GDPs are heavily tied to the price of one major export commodity. Of course, they are not the only ones. Unskilled laborers in developed countries also find themselves vulnerable in our world of low transportation and communications costs. Moreover, as we noted in chapter two the volatility of international commodity markets has a pervasive impact on domestic politics, frequently for the worse. This would be relatively invisible to the average American or European. As the expression goes, “the world turns, but it only matters to those on the rim.”

How integrated is the international order? Certainly trade integration is significant, although the lion’s share of trade is still intra-firm trade in the developed world. Arguably, legislative (the UN), executive (the UN security council, along with regional organizations like NATO), and judicial institutions (the ICC and ICJ) exist at an international level, despite their uneven records. Economic institutions certainly abound at the international level, even as they rely on domestic institutions for enforcement (the WTO and IMF to name two of the most prominent). Relying on domestic institutions for enforcement does not necessarily exempt the international institutional superstructure from achieving the status of background institutions. Despite the lack of a centralized world government with plenary executive powers, the international arena is characterized by a relatively stable order where law (commercial law as well as human rights law) applies and is enforced (albeit unevenly). At the present time, this integration only seems to be growing.

The flip side of this argument is that the order that is said to characterize the domestic setting is also overstated, making matters more complicated. It is worth pointing out the idealized picture that many have of domestic political institutions. At best, the well-ordered basic structure serves as an abstraction for a reality that is far from ideal. The most advanced states might approximate it, but in many cases it is not clear that the domestic political order is more influential than the international. Furthermore, it is not obvious that co-citizens in many countries actually share the same basic structure either. Access to institutions is not uniform based on income and geographic location. Laws are certainly never enforced equally, even as they aspire to be universally applicable in scope. Developed societies are frequently divided by class at the very least. Individuals from different classes often do not work, eat, play, shop, or pray at the same places. The social cooperation they engage in may not be very different from the cooperation they engage in with non-citizens: people they might rely on in order to get work done or consume what they want to consume, but not people they interact with in any meaningful way, except as compelled to by state institutions.

In developing countries, class divisions may be magnified and compounded by religious or ethnic divisions that make talk of social cooperation and a common background structure even more implausible despite shared political institutions on paper. Hernando de Soto documents what he calls the "Bell Jar," a separation between the legal and the informal economies in many countries, effectively an economic apartheid between rich and poor. (DeSoto, 2000, Chapter 3). In other countries, the legal fiction of the nation state has been superimposed over rigid caste systems (India) or more or less strict religious separation (Israel).

It will be countered that the ideal of a well ordered society is just that: an idealization. We should not actual societies to conform to them. However, this brings discussions between cosmopolitans and nationalists to a head: Why should we consider the nation state a more attractive ideal or the only ideal towards which a people concerned with justice should aspire? If the domain of justice is to be defined by the facts of social cooperation on the ground, it seems hard to privilege the nation state as we know it. If on the other hand we assume the nation state prior to our theorizing about justice, then we run a very real risk of treating people differently based on accidents of birth and location. The task, I think, is to find a way to think about justice that does not assume the validity of the nation state, all the while recognizing the significant contributions of states to human freedom and well being. The same, I think, can be said of other important social institutions like markets (local, national, virtual, and international) and the international legal order.

Estimates of the capacity of the international legal system certainly vary depending on one's preferred view of international relations. Even if it is not yet appropriate to talk of institutions capable of realizing something like a global difference principle, it may be appropriate to do so at some time in the future. As a result, imagining what it would look like or what it would require is not as far fetched as one might have thought even a few decades ago.

[Part IV – Section 2]

Deliberate Interference

If we provisionally accept that the international political, economic, and legal order helps shape global distributive outcomes, then it would seem to follow that we need principles of justice to regulate this order rather than a *modus vivendi* or the rule of the stronger. Inasmuch as there are unjustifiable inequalities, they ought to be remedied.

Distributive justice on this account is seen as compensation for ongoing injustices. Either the injustices ought to stop or its victims ought to be compensated, possibly both. What injustices are pointed to? Thomas Pogge (1989, 1994) and Timothy Hayward (2006) point to ongoing interference from powerful nations in the affairs of developing nations. In particular, powerful countries manipulate the terms of trade within resource rich countries so as to cheat the people of these countries out of their natural resources or otherwise interfere with their right to autonomous self-determination. Government officials or private corporations meddle in the politics of developing countries by lobbying or corrupting public servants in order to obtain new resource contracts or better deals from existing contracts. On this view, foreigners collude with domestic elites to cheat citizens out of their due.

Pogge argues, “Like the [...] notion that the causes of third-world poverty are indigenous, this fiction is a severe distortion of the truth-most clearly in the especially relevant case of today's most unfortunate societies, which are still reeling from the effects of slavery and colonial oppression and exploitation and are also highly vulnerable to global market forces and destabilization from abroad.” (Pogge 1994, p. 221) Moreover, “So it is true, but not the whole truth, that governments and institutions of poor countries are often corrupt: They are actively being corrupted, continually and very significantly, by private and official agents from vastly more wealthy societies.” (Pogge 1994, p. 214) While Pogge does not submit any systematic evidence for this claim, there is certainly adequate anecdotal evidence. One prominent example concerns Peruvian gold mines in Yanacocha where American businessman Larry Kurlander allegedy bribed intelligence chief and deal broker Vladimir Montesinos to rule in favor of the US company Newmont in a lawsuit against French company BRGM. Videos surfacing later also implicated CIA intelligence chief Don Arabian in leaning on Montesinos. Other videos showed

Montesinos meeting with the chief justice of the Peruvian Supreme Court. Certainly none of these activities help establish the rule of law in Peru.

We should be vigilant about the ways in which wealthy and powerful countries attempt to manipulate the domestic politics of their weaker and less affluent neighbors. I am more skeptical than Pogge however about whether this influence is systematic, even in resource rich countries where the temptation is high. Just because the influence of the international system as a whole (through relative prices for example) is powerful, does not always imply that particular companies and countries can exercise meaningful and systematic pressure on domestic politics. If Pogge can show that decisions about how to handle the ownership of the domestic resource sector were made under foreign influence from developed countries rather than for domestic political reasons, the argument that the West is severely implicated in the resource curse is very strong. However, this characterization of developing nations as powerless to resist interference is probably overstated. For instance, it was precisely in order to free themselves from perceived foreign influence that countries in the 1960s and 1970s wrested the resource sectors away from foreign private companies, unleashing the flurry of perverse incentives associated with public ownership that I have documented. Many foreign governments were upset at the wave of nationalizations that accompanies increasing economic nationalism in the developing world. It is hard to argue that the Western governments are heavily implicated in processes that they strenuously objected to, like the nationalization of natural resources extraction facilities.

It has always been fashionable to blame the rich and powerful for the misfortunes of the weak, but as Jean Baptiste Clamence remarks in Camus' "The Fall," there are also abusive widows and ferocious orphans (Camus, 1956, p.10). While it would be asinine to argue that the people of developing countries are usually responsible for the governments they get, as a rule it is hard to trace the cause back to developed countries with any systematic degree of confidence other than anecdotally like the case of Yanacocha.

[Part IV – Section 3]

Systemic Bias

(a)

Declining terms of Trade

Even without pressure, resource rich developing countries could be at a disadvantage developing due to the phenomena of declining terms of trade. This is sometimes called the "Prebisch-Singer" hypothesis. Using arguments from Alf Hornborg and leaning on theories of dependent development and declining terms of trade, Timothy Hayward makes the claim that international trade is exploitative and continues to immiserate the global south. The North imports materials cheaply and sells them dearly. Hornborg bases his claim on the idea that the more valuable a product is, the more negative entropy it embodies. This is because production processes irreversibly dissipate energy and resources. The more value added, on average, the more negative entropy. Thus, international trade of finished products for unfinished ones tends to increase the global north's ability to purchase raw materials, and onwards in a vicious cycle, which ends when the Global South runs out of resources.

Hayward uses this argument to doubt the justice of apparently innocuous voluntary international trade. The problem, he argues, is that the market price does not permit the logic of comparative advantage to hold for the Global South. The South trades because it has to in order to survive and because the north brings significant political and economic pressures upon the south to open their markets to foreign trade. These are not novel arguments. Theories of dependent development popularized by Raul Prebisch and Andre Gunder Frank have been around since the 1970s. These theories posit a global decline in terms of trade for primary commodities exporters which helps explain why they never catch up. The system of free trade itself is biased when it induces countries to specialize in producing goods that will not help them develop. The system of international trade then condemns some countries and the individuals within to permanent underdevelopment.

The Prebisch-Singer hypothesis posits that over time natural resources lose value relative to finished goods and services and therefore developing countries that base their development strategy on selling natural resources, while importing finished goods, will cause developing countries to continually lag behind already industrialized ones. Raúl Prebisch focused primarily on supply-side explanations. In developed countries strong unions and labor protections cause wages to rise during economic upswings but not fall too much during downswings, whereas in developing countries weak unions and labor protections caused wages to rise slowly during upswings and fall rapidly during downswings. Thus the cost of the primary commodities exported by developing countries rises by less than manufactures during upswings and falls more than manufactures during downswings, creating a relatively continuous decline in the relative cost of primary commodities.

Hans Singer focused on demand side explanations, arguing that primary goods have mostly low income elasticities such that income growth tends to lower the demand for primary commodities. Moreover, technical progress in manufacturing tends to be primary commodity saving, causing the demand for primary products to rise less than the demand for manufactures. Both mechanisms provided support to the idea that developing countries should seek to specialize in industry by cutting off manufacturing imports. The empirical evidence on the Prebisch-Singer hypothesis is not overwhelming, however.

Whether it be for reasons of increasing physical scarcity or producer cartels like OPEC, Cuddington, Ludema, and Jayasuriya (2007) find no obvious trend in world prices for primary commodities since 1921. Using modern econometric techniques and longer time periods, they find fault with both Prebisch and Singer’s studies. At best, we can say the evidence on declining terms of trade for producers of primary commodities is mixed. If there is no significant decline in terms of trade, then widening inequality between North and South is not foreordained by the fact of trade itself. Both Blomström and Kokko (2007) and Wright and Czelusta (2007) find historical examples of countries that developed using a primary commodity as its leading sector. Given conflicting empirical evidence, it seems at the very least premature to begin a massive program of wealth redistribution before the methodological issues surrounding the evidence are resolved.

None of this is to say that the global South as a whole could not be getting more for its resources. Certainly countries in the international state system do not have equal bargaining power. Macartan Humphreys and Nobelists Jeffrey Sachs and Joseph Stiglitz devote an entire book to explaining how developing countries might more effectively bargain with multinational corporations. However, there is simply not an overwhelming amount of evidence suggesting that the international system is biased against primary commodity exporters. In chapter two, I suggest that the recent run of bad luck on the part of some resource exporters (the last 40 years or so) can potentially be attributed to bad ownership structure and in particular the fetishism of public ownership in the resource sector.

Distinctions should probably be drawn between cases of clear exploitation of poverty and cases where resource producers are simply less well-off but tolerably so. Chile is not the Congo. Botswana is not Papua New Guinea. Asymmetries of power probably do not taint market exchanges between richer and poorer parties per se, though of course if that is one's view then the international economic system could probably never be just. For exploitation in the pejorative sense to occur, the weaker party needs to be at such a severe disadvantage that the refusal of a particular offer would endanger its existence, or at least its opportunity to live a minimally decent existence. This is not often the case. Absence concerted collusion (and this may indeed occur), competition for valuable resource contracts should keep transactions relatively immune from criticisms of exploitation even as they may still be vulnerable to corruption. Of course whether corruption is primarily the fault of the tempter or the tempted is an age old question I will not attempt to address here, but betraying the public trust in times of desperation is not the same as doing it as a systematic career strategy. We should infer from this that not all cases of international pressure or hard bargaining are cases of economic exploitation in the objectionable sense, even when some parties do worse than they would have had they been in a better initial position.

(b)

Inequality per se

Another argument that could be advanced begins with the fact that the value of resources is primarily created in developed countries. The combustion engine, oil heating, the coal fired power plant, demand for wedding rings, and so on all originate from the global North. Without this value creation, these dictatorships in the global South would have nothing to sell[16]. Perhaps, as the resource curse suggests, lack of value creation in the North would stimulate more healthy economic activity, and as such this value creation is a negative externality. The North then inadvertently harms the South just by being wealthy and creating a demand for natural resources.

Here I think the link between causality and responsibility is strained. Later on I will argue that there may be very good reasons to prohibit companies from the global North from buying resources from agents in the global South that could not possibly be authorized to sell them. On the other hand, if there are legitimate resource salesmen in the global South and their sales still engender resource curse type phenomena like Dutch disease, it is hard to blame the global North. Instead, it would be more plausible to think that governments in the global South are responsible for dealing with effects of their resource sales. After all, as long as the global North does not force the South to acquiesce to sales, it seems difficult to hold it responsible. It could be argued that the demand from the North is such a great temptation that it is more akin to cases of entrapment or "fighting words," where agents can no longer be held responsible for their reactions. At first resource sales seem like a good deal, bringing in revenue without taxing the people – offering the promise of development without the burden of sacrificing current consumption. As the resource curse begins to take hold, the country, like the addict is no longer meaningfully free to end the dependence. The implications of a model of global

16 I am grateful to an exchange with Glenn Loury for this insight.

justice that treats resource sales as a kind of drug addiction is worth considering. It would not absolve countries that have recently discovered oil resources, but it would not indict the “pushers” in the North either, since their ignorance of the consequences of their behavior could plausibly sanitize their actions. Granted, this depends on what one’s theory of moral luck happens to be. It is possible that during a certain window, the North might have known the effects of their actions and nonetheless still continued to sell their products (like cigarette manufacturers, let’s say), but since theories of dependent development were first developed in the global South, this account is hard to square with the facts.

This avenue of inquiry is further impeded by the fact that the resource curse may well be a self inflicted phenomenon, or at least a phenomenon that is caused by socio-political factors like war and weak governing institutions that are not caused by resource sales (factors which the global North might still have a hand in, but not via natural resource purchases). All things considered, it appears that instead of being a drug or a curse, resource sales are more likely an opportunity that can be wasted or taken advantage of depending on one’s specific development strategy and political history. Sometimes foreign governments and companies have a strong impact, but it is probably too strong to say that they have a systematic one.

(c)

Receiving Stolen Property

An entirely more ingenious account of the perversity of the international legal and economic environment is presented to us by Leif Wenar. Current international law grants ownership of resources to the citizens of the countries where they are located. This is usually called “the principle of permanent sovereignty.” If the people do not or cannot authorize resource sales because of the nature of their government, then there is good reason to think, as Wenar does, that such sales are illegal. Moreover, when the purchasing companies are very much aware that the sales of these resources cannot be authorized, they become implicated. Even when they are unaware, they are still receiving stolen goods.

On Wenar’s account many resource producing countries are ruled by dictatorships that could not remotely be called minimally decent. He uses the Freedom House rankings as a rough indicator of governance and argues convincingly that countries obtaining a 6 or a 7 simply could not legally export resources because citizens in these countries could not be said to authorize these sales or even benefit from them in any way. Equatorial Guinea is the paradigmatic example of this phenomenon. Without domestically interfering, developed countries become complicit in the continuing oppression and expropriation of peoples around the world, like Equatorial Guineans. By pouring astronomical sums of money into the state coffers of corrupt and predatory regimes, Western companies, their shareholders, governments, and even consumers are complicit in a conspiracy to defraud and dispossess the people of developing nations.

This account has a lot of appeal, particularly in extreme cases. One glaring problem with it however is that there is very little to suggest that the principle of permanent sovereignty over resources has very much going for it. It is not clear to me why the resources located within a country should be seen as owned by the people of that country as a group. Sovereignty over resources seems instrumentally justified, but unlike individuals, resources do not have ethnicities, religion, or shared history[17]. As a result, sovereignty over resources does not seem to run as deeply as the principle of permanent sovereignty would seem to imply. As I have already argued, the way resources come into the world has a lot to do with their social identity and in many instances, public authorities only provide background enabling conditions, limiting the claims of the people as a group.

Besides, one does not need an account of resource theft to show that purchasing resources from governments that use the money to further oppress their citizens is morally noxious if not impermissible. The state does not lack authority to sell the resources because the people have not authorized it to do so. The state lacks authority to do almost anything because of the way it treats its citizens. Even without positing collective ownership, these governments could not authoritatively appropriate these resources even in a situation of "no-ownership."

[17] Sometimes they do have a shared history. The Nile River is probably a lot more intertwined with Egyptian identity than North Sea oil is with British or Norwegian conceptions of nationhood.

(d)

Tariffs and Immigration Barriers

One final potential way the current international legal and economic environment conspires unfairly against resource rich developing countries is the prevalence of both tariff barriers and restrictions on emigration towards more wealthy countries.

According to standard economic theory, tariff barriers harm both developing and developed countries in the aggregate. However, given the Global South's weaker bargaining position (Third World countries need to trade with developed countries more desperately than developed countries need to trade with them) they are forced into a trade regime that keeps them at a disadvantage at the expense of powerful Northern domestic interests. Perhaps developing countries are not so much forced as they simply have to accept relatively unhappy bargaining terms because of their low relative power, and of course since under this international regime holdings would depend on morally arbitrary characteristics like the distribution of economic power in the world, the resulting distributive shares are unjust.

In particular the Global North (United States, Japan, and the European Union) have erected explicit and implicit tariffs to protect their agricultural industries. Northern consumers pay a premium price for staples like cotton, sugar, peanuts, cereal, meat, poultry, rice, and so on for the sake of domestic agricultural interests. However, Northern consumers are far less hurt than Southern producers whose otherwise competitive industries are stunted as a result. More damningly, natural resource exporting countries are deprived of their primary means of diversifying their economies. As I noted in the case of the Congo in chapter two, copper and diamond price volatility were less of a problem at a time where agricultural exports (including palm oil, rubber, and coffee) comprised up to 50% of exports. Once the DRC cut ties with Belgium and its government actively undermined the non-resource sectors, the Congolese economy became far more vulnerable to external price shocks. By closing their markets to agricultural exports, developed countries contribute in an ongoing way to the difficulties resource exporters have with their export dependency.

Immigration barriers in developed countries also make the international system potentially less just. This account of global injustice relies primarily on the Lockean Proviso which I examine later. For now, I will simply say that freedom of movement plays an important role in liberal thought. The freedom of exit, not only from associations or situations one no longer wishes to be a part of, but also from countries whose institutions have become overbearing is central to liberal concerns. Even Locke’s right of revolution is a kind of claim to a right of exit, in this instance from the social contract. Current international law guarantees refugee rights, but not much more.

Another way to put the issue is that every country has a mix of factors of production (Land, Labor, and Capital) and that developed countries have managed to persuade (perhaps coerce) developing countries to open their markets to the factors of production they have a surplus of (Capital), but closed their borders to the factors of production developing countries have in abundance (Land, Labor), establishing unfair terms of trade in the process.

However, there is also a strong tradition of justified exclusion in liberal thought. Private associations are not thought to be obligated to accept any who wish to join and private property enjoys a fairly high regard even in more egalitarian theories. Equality does not guarantee inclusion. However, the key seems to be that it is exclusion that bears the burden of justification. Private property is said to need justification, as are many forms of coercion. Exclusion from a particular territory seems to be the sort of coercion that liberals would want to see justified. In particular, exclusion from natural resources would seem to warrant justification since we have noted that prior to appropriation, no individual or group has any priority claim over them (though a state might have theoretical jurisdiction once they are in fact discovered). They are located arbitrarily from a moral point of view. So while there could be justifications for excluding people from discovered resources, excluding people from attempts to discover resources seems a priori unwarranted since no one has a priori claims to undiscovered resources. This does not mean that other reasons cannot be brought to bear in favor of exclusion, only that nothing about the location of the resources per se can justify exclusion.

Absent barriers, individuals are far less helplessly distributed relative to resources than they might otherwise be. In other words the arbitrary position of resources relative to people is highly contingent on how easy it is to move around in the international system. While Beitz and Pogge choose to underscore the constraints of the international state system, individuals can and do exercise agency within these constraints. A static analysis of the world ignores the powerful effects of migration. The ancient and prehistoric world was full of migrations, as is the modern world. Even when formally impeded by claims of sovereignty or property, people move around in search of opportunities, tracking the discovery of new resources like the California and Yukon Gold rushes, or the initial settlement of the New World. Two things bear mentioning here. Natural resources frequently give rise to economic opportunities. Even when people are not moving to capture resources themselves, they can move to capture some of the opportunities resources generate. There was no gold in San Francisco, but plenty of people found opportunities to flourish in San Francisco during the nearby gold rush of 1849. This suggests that if there is any force to the critique of arbitrary distributions of people relative to resources, it should be a critique of hermetic conceptions of sovereignty.

Nor do the facts entirely support the idea of an international system where migrations constitute only a trickle in an otherwise hermetically sealed order. According to the major reference on the subject (Castles and Miller, 2009), the best evidence available shows that since the 1800s between 2 and 3% of world population every year are migrants, though data from some parts of the world is unreliable (Zlotnik, 1999). There is a popular meme, at least in the United States, that says "at one point in history, population movements were relatively large and unrestricted and thus people could seek their fortunes abroad. Today however, increased enforcement capabilities and increased concern about the dangers of massive migrations have stanched these massive flows flow to a trickle. People in developed countries no longer have the opportunity to move away from their situation as they once did." Heavily based on the American experience, this meme turns out to be false when applied to the international system more generally.

Even in the United States, the percentage of foreign born residents at the end of the great age of migration (1920) was 13.2%. In 2005 this figure officially stood at at 12.9%. (Castles and Miller 2009, p. 84 and 118) If the number of illegal immigrants in the United States is 13 million as suggested by Castles and Miller, then the number is more like 17.3%. Globally, the absolute number of migrants between states has been steadily increasing and the rate of immigration has been stable to increasing. Certainly some places are easier to get out of than others and other places are easier to get in. Rather than defend current distributions, we should say that the justice of how individuals have access to resources in part depends on how impeded they are from enjoying the benefits of resources and the opportunities they create.

[Chapter III - Part V]

<u>The Role of Natural Resources in International Historical Injustices</u>

Before we turn to the Lockean proviso, another argument for global justice leans on obvious past injustices perpetrated by some countries on others. Colonialism is one such clear case of historical injustice. Colonialism comes in two main flavors: the extractive and settler varieties. Extractive colonialism is heavily wrapped up in resource theft. Colonies like the Belgian Congo had their resources taken and shipped back to the mother country with hardly any compensation on the part of the colonists. This introduces a very obvious issue of international justice. Settler colonialism on the other hand can frequently be dealt with in a domestic framework since the descendents of beneficiaries and victims often still inhabit the same country (as in the case of Native Americans and European settlers in North and South America).

[Part V – Section 1]

An Argument from Ecological Space

For Timothy Hayward, both colonialism and the global economic order that has followed it have enabled Western peoples to command far more than an equal share of ecological space (Hayward, 2006). Moreover, past extractive colonialism enables theorists to get around the problem that resource rich countries are not often that rich. Japan is quite well-to-do, but resource poor. For Heyward, Japan's use of ecological space far exceeded (and continues to exceed) its borders. Because Japan is a major importer of raw materials and semi finished goods, Japan's ecological footprint is much greater than its domestic resource abundance would suggest. Its ability to import is not unrelated to its colonial past in China, Korea, and other parts of Asia. In the case of European countries, their past depletion of ecological space counts against them today because they have consumed and transformed into physical capital a far larger share of natural resources than could be expected to be fair. Even if England is relatively resource poor today, it used to have forests and coal and iron that it depleted before moving on to more inviting colonial pastures.

Ecological space, also known as an ecological footprint, expresses: “in ‘global hectares’ the amount of biologically productive space with ‘world average productivity’ necessary to maintain the current material throughput of the human economy under current management and production practices. The footprint is not made on a continuous piece of land; it corresponds to the aggregate land and water area that is drawn on in various ecosystem categories.[18]” (Hayward 2006, p. 259) The earth is represented as a resource whose size depends on average human productivity. Each person or country possesses a share of that space. Hayward says, “The key point is that, normatively, there is a difference between allowing efficiency gains from an equal share of a single resource base and justifying inequalities in the share of the resource base itself. When we conceive of resources in terms of ecological space it is the latter inequalities that require justification." (Hayward, 2006, p. 263)

While it is sophisticated, there are two significant problems with Hayward's normative analysis. One is the assumption that each person or country should command an equal share of ecological space. Ecological space does not run into some of the other problems Beitz and Steiner run into but it still fails to capture at least two important features of distributive justice. A norm of equal ecological space might be suitable for a situation where all parties arrived at the table at the same time, so to speak. In Bruce Ackerman's famous example of the two people who happen upon two apples, the norm of equal division seems unimpeachable. But the world is quite crucially not like that. People are arriving and departing all the time and in different places. As David Schmidtz notes, if I arrive first and turn my apple into an orchard leaving the other apple to spoil and someone else arrives years later, what do I owe him? An apple? Half the orchard? Nothing? (Scmidtz, 2006, p. 109) A norm of equality seems less suitable when nations let alone individuals appear and disappear during the course of history.

Some people reproduce a lot faster than others. It isn't abundantly clear why those who exhaust their ecological space quickly by reproducing should gain more space at the expense of those who choose to reproduce more slowly.

The number of individuals present on earth at any given time is not a constant, not is it independent of morally relevant choices on the part of previous generations. Making efficient use of ecological space includes the decisions one makes about the number of children one chooses to have, given the resources at our disposition. A norm of equality of ecological space at any given time seems to ignore some very relevant efficiency-related questions.

It is plausible to argue that individuals should not be left without any ecological space with which to exercise their talents and realize their conceptions of the good life, but it is difficult to see why anyone is specifically owed an equal share of the ecological space currently known to be out there in mere virtue of being born. I want to leave open the possibility that some are indeed consuming too much and others are not getting an adequate share, but ecological space is not a natural category in the sense that it is not something that exists independently of human action.

This brings me to the second weakness in Hayward's theory. Any view about distributive justice needs an adequate account of the relationship between the total size of the economic pie and the factors that make it grow. This is so because as many have pointed out, incentives for production are impacted by rules of distribution. Ecological space, like an economy, is also the sort of thing whose size and value needs to be discovered. Even if one were to use other tools than the market to effect this discovery, one would still need to come up with a way to account for it. Currently, ecological space is calculated by looking at “the total amount of biologically productive land and water area required to produce the resources consumed and to assimilate the wastes generated using prevailing technology.” Two key terms stand out in this sentence “biologically productive land and water” and “prevailing technology.”

Finding out what counts as biologically productive land and water is a process of scientific and economic discovery. It is not self-evident. What was productive frequently isn't anymore, but also things that were not conceived of as biologically productive could be made productive. Solar energy provides one possible example. There is some ecological cost to building solar panels, but the electricity produced by capturing solar energy could certainly be used to enhance the biological productivity of some piece of land (not its economic productivity, but its actual biological capacity). What the net accounting turns out to be depends on the second term of interest in the definition: “prevailing technology.”

No one contests the first law of thermodynamics, but the rate at which one might be able to recuperate what was formerly thought of as dissipated energy is a matter of ongoing discovery. What used to be waste may now be fuel (like discarded vegetable oils from Manhattan restaurants). Entropy must eventually take over, but that “eventually” is dependent on a myriad unknowable (not just unknown) factors relating to technology and population growth, not to mention the political institutions that circumscribe these phenomena.

Since ecological space is not the kind of concept that we can determine without reference to the contributions of individuals and institutions it is hard to apply unobjectionable egalitarian criteria to its distribution. Is There another problem with the case for an egalitarian distribution of ecological space, however. This problem is more internal to the argument. One element of the case in favor of equal ecological space is that this space is finite and because of the illegitimate appropriation of ecological space on the part of developed nations we are running out of natural resources faster than we should be. If we are running out of natural resources however, the norm of equal ecological space seems to make even less sense.

There is a legitimate ethical question about whether we should strive to have a few generations live in comfort or a large number of generations live with relative economy. Eventually however, the human race and the planet it lives on will come to an end. The moral questions concern simply how this will happen[19]. As the roman stoic philosopher Epictetus once said rather pointedly, "If you wish your children, and your wife, and your friends to live for ever, you are stupid; for you wish to be in control of things which you cannot." (Enchiridion, XIV) The human race cannot reasonably conceive itself of as destined to eternally populate the earth. Will we peter out or will we go suddenly? Will we go peacefully or violently? Will this extinction be within our control, or come from

[19] There is, I suppose, a minor chance that we will find a way to move large populations to a habitable planet outside the solar system.

some natural catastrophe beyond our control? Talk of sustainability, popular at the moment, is substantially a question of rates of decay. While a more complete treatment of the subject of natural resources and intergenerational justice will have to wait, it does not appear that egalitarianism will help slow rates of entropy in our economies.

Institutions meant to realize our moral convictions need to make room for discovery and in particular, when at all possible, need to eschew rules that inhibit the discovery of solutions to pressing problems. Realistically speaking this is going to mean allowing for or promoting experimentation, even with scarce resources. Unfortunately, a norm of equal ecological space is likely to put ecological resources in the hands of individuals or countries that would be unlikely to use them to pursue programs of cutting edge technology or science. They may be used sustainably and in ways that promote the longevity of human beings currently in precarious conditions, but they do not offer any hope that future humans will do well in a race against time and entropy. If our primary care is to extend the longevity of the human species as far off into the future as possible, global egalitarian norms seem counterproductive. Restrictions on the consumption of the North seem like a plausible answer, but transferring consumption from relatively efficient economies to relatively inefficient ones does not appear to provide any survival advantage for anyone over the long term.

It might well be countered that the reason there is a race against time at all is that some have used their shares unwisely in the pursuit of profligate consumption. If the situation is as dire as some resource pessimists suggest however, then a concern for remedying past injustices may pale in comparison to the task of securing a future (any future) for the species. The time for blame may have passed us by. If we take the Humean view that the circumstances of justice require moderate scarcity and moderate benevolence, then the time for justice may be behind us. The prospect of civilizational extinction seems to be one of those circumstances where justice may be beside the point. If resource pessimists are right we may be coming to an age where increasing scarcity leads to decreasing benevolence. Perhaps we shall find ourselves in a race to the bottom where scarcity leads to even less trust and cooperation leading to an even smaller probability of finding a solution. In any event, restitution and compensation will have to take a back seat to research and development.

Mitigations and meliorative measures for currently suffering populations are of course not out of the question, but equality of ecological space, if it ever was a good idea, appears no longer to be a player. Population control or immigration might provide better answers to the question of scarcity in the developing world, though this is a matter on which there is some disagreement. It should be noted that the more dire the current resource situation is thought to be, the fewer egalitarian or meliorative measures we can afford. Of course, this is only true if we wish to maximize our chance of discovering the next revolutionary technology, one that would permit the existence of more future lives than can currently realistically be contemplated. If all that is sought is a standard of justice by which current human beings may live out their lives with dignity, then we can still consider robust egalitarian norms. I take the view that hope is worth fighting for rather than accepting a slow ecological extinction. That claim is disputable however and I will not try and defend it here. I am skeptical that even the best of political institutions that have "given up" would be able to contain extreme desperation without resorting to unacceptable levels of violence. Hope is a powerful tool of behavioral control, even if our best efforts are destined to fail.

While the critique I am making is usually aimed at Kantians and libertarians, in cases of extreme resource scarcity robust resource egalitarianism also seems like an example of the much maligned latin dictum, "*fiat justicia, ruat caelum*." In the end, humanitarianism and resource egalitarianism appear to be on very divergent paths. Relatively strict global egalitarianism, no matter how well motivated, does not put resources (or ecological space) into the right hands, assuming resource shortages are on the horizon in the short to medium term future. Motivating top talent towards professions that would further research and development is unlikely to be compatible with global egalitarianism, except to the degree that it requires freeing up the top talent in the developing world from conditions where they are manifestly unable to take full advantage (and give others the full advantage) of their genius.

It might be answered that there is still considerable maneuvering room (though all the less, the worse the current situation is perceived to be). One could pursue more global egalitarianism and provide strong incentives for discovery, research, and development. This is true but it ignores trade-offs at the margins. It also assumes that the process of research and development is independent from consumption. People tend to gravitate towards two possible ways of making judgments: experts or prices. There is some evidence to suggest that while experts are quite good for finding knowledge about facts that do not change much, their track record when it comes to medium and long-range prediction in their field is not much better than random. (Dawes, Faust, and Meehl, 1989) This is so in part because although a brain surgeon knows a lot more about the brain than you do, the brain surgeon is also much more confident about the extent of his knowledge. This systematic overconfidence of experts about difficult questions is also widely acknowledged[20]. The original research by Albert and Raiffa (1982) was confirmed under a variety of contexts by several studies, and most recently by Klayman et. Al (1999). The very poor track record of forecasting experts, even those not subject to pressures of public office, does not give any reason to be optimistic about anyone's capacity to pick winners.

The allure of replacing the judgment of short-sighted and less than perfectly rational consumers with that of benevolent and well-informed bureaucrats is to be strenuously resisted. Experts are not very good at forecasting, but adding public choice theory to the mix suggests that the

[20] Paradoxically, experts are often underconfident about easy matters. (Lichtenstein and Fischoff, 1977; Armelius, 1979)

incentives to get the answer correct are often not present. (Buchanan and Tullock, 1962) In particular, it is very difficult for politicians to admit mistakes and get re-elected, which is not a problem when it comes to extra-marital affairs, but does begin to loom when policies designed to encourage entire industries need to be reversed. The problem with trying to anticipate which of many possible developments will best fulfill the needs of millions of consumers with disparate orderings of preferences is that it largely prevents optimal solutions from appearing by either drawing away the necessary investments or consumers, or both. If there is one thing the market is quite good at, it is aggregating information. If there is one thing experts and politicians have not been good at, it is predicting future technological progress. The evidence in favor of markets outperforming experts is relatively intuitive. There is always a profit to be made by being a better predictor and in turn, this drives prices towards an efficient intertemporal allocation. This does not mean that at any given time, the price is right, but it does mean that there are powerful incentives for self-correction. The success of prediction markets (or information markets) in this respect is illuminating. (Pennock, Lawrence, and Giles, 2001; Watkins, 2007)

Of course, one might be tempted to say: in prediction markets someone has to be a correct predictor to make money, why not put the good market performers in charge? Even if these good performers managed to maintain their edge outside the discipline of the market, the market needs to be allowed to perform significant allocative functions in order to discover who the good performers are. There is a natural analogy to free speech here. Without free speech, as Mill once argued, there is no way to contest established truths and only in a robustly free society can the best opinions be relatively secure in their well-foundedness through a process that permits all-comers to challenge it. The scientific method works in similar ways by allowing open contestation. It would be short sighted to take temporary winners, no matter how talented or pristine their track record and task them with supplanting the very process that revealed their talents.

Neutral incentives like prizes have been suggested as a way of circumventing the expert problem and (more limitedly) public choice problems. Lucrative prizes for solving particular technical problems can overcome some of the market's shortsightedness about fundamental scientific research but these are unlikely to be sufficiently large, even if we factor in prestige, to attract talent that could be engage in far less speculative and lucrative ventures. Moreover, the conditions attached to receiving the prize (such as making the knowledge public domain) act as a further disincentive.

If we have faith in a government's ability, under the right conditions (e.g. deliberative democracy) to effectively promote egalitarianism, then it might conceivably make sense to have faith in their ability to pick efficient technology. However, these two things involve different sorts of faith. Having faith in a government's ability to promote social justice involves a faith about a government's ability to resist pressures from powerful vested interests or having faith that actions taken with good motives will achieve their intended outcome without excessive unintended side effects. Having faith in the government's ability to pick winners also involves both these contestable forms of faith, but on top requires an additional faith in the ability for the government-picked experts to confidently predict future technology.

Of course it remains to be seen if we are in the dire state of penury that resource pessimists believe we are in. Resource exhaustion has been a recurring theme in economic history since Thomas Malthus. Not all arguments leading from resource inequalities to distributive justice necessarily involve a commitment to pessimism about natural resource exhaustion, but inasmuch they do, the considerations just presented would seem to temper strong egalitarian urges.

[Part V – Section 2]

Colonialism and Compensatory Justice

In arguing that developed countries owe restitution to less-developed countries for exploitative arrangements and the theft of natural resources Pogge and Hayward are joined by David Miller, a non-cosmopolitan theorist of global justice. The argument goes as follows:

(P1) Nation A has exploited nation P through colonialism or some other unjust arrangement.

(P2) Descendents in nation A enjoy the continued benefits of this past exploitation, and

(P3) Descendents in nation P still suffer from the deprivation of their inheritance. Therefore,

(ϕ) Current members of nation A owe restitution to current members of nation P, because, it is argued, absent the original injustice, nation A would not be as well off as it is, and nation P would be better off.

While this argument is effective within the cases it covers, P2 and P3 frequently do not obtain. The positions nations A and P currently enjoy are often quite difficult to trace to past injustices, particularly the longer ago the injustice occurred. Issues about collective responsibility also complicate the case for restitution on the part of states.

Several considerations come in to play in denying the claims of descendents who feel they have been deprived of their legitimate inheritance (denying P2 or P3, while granting P1). The major reason is that after several generations there is often no reason to ascribe the responsibility for one's level of wealth to the level enjoyed by one's ancestors. There is no obvious way of knowing what the respective positions of the plaintiffs and the accused would have been absent the injustice. This is not equivalent to denying the injustice (P1) or denying the claims of those who were wronged (ancestors in P), but it is a way of saying that as a rule the moral claim to restitution or compensation often dies within a generation or two, even if the memory of the injustice continues to scar generations. While I think this argument is sometimes successful, others are less persuasive.

(a)

The Legitimacy of Inheritance

It could be argued that because heirs do not have privileged title to the property claims of their parents, the issue of compensation brought up here is a non-starter. When a person is alive, one is obligated to respect the relationship between that person and the fruits of their labor, but once they die the bonds they have formed with particular objects or people appear to dissolve. Absent specific directives on the part of the deceased, the goods he or she had legitimate title to have no special moral relationship with anyone anymore. This would follow the model of promises or contracts. When a person dies, their heirs do not have an obligation to fulfill promises they made or contracts they undertook, unless they also claim to inherit the future benefits of those promises and contracts. However, even if we posit that descendants of nations A and P do not have any particular title to the resources once owned by their forefathers (there is no obvious right of inheritance), there is also no reason to suppose that a legitimate transfer of resources would have produced the distributions we see today. So under this scenario, descendants of exploiting nation A do not have a very strong title to the enjoyment of their tainted inheritance even though nation P doesn't have a very strong claim to the resources of their ancestors either.

If we do not accept a right to inherit anything from one's parents, the claim to compensation seems weak (there is little blocking it, but there is just as little to be said in its favor), but I will argue that as a rule it is not weak. This is so because in the absence of strict inheritance laws, we still usually recognize a right to bequeath one's property. While we may not be morally required to automatically transfer a person's property to their next of kin, we are probably obligated to respect their wishes about what is to be done with their holdings. If they want to transfer these holdings to their next of kin (or for that matter put them in trust for their pet Chihuahua), we are usually bound to respect these wishes, even if they are no longer around to see to it that their wishes are respected.

This point merits some explanation. After all, why should dead people have any sway on the living? There is a relatively straightforward pragmatic argument here that those who advocate relatively confiscatory inheritance taxes usually struggle with. If we recognize the right to make more or less unlimited gifts to people, then as a rule individuals can begin to divest themselves of major assets as they feel that death approaches. It seems rather arbitrary to heavily tax those who die suddenly and let those who have fairly predictable stage-driven cancers avoid the tax by gifting their money away while they are alive. This leads those in favor of death taxes to also favor gift taxes, but the problem there is that this is a potentially very slippery slope whose enforcement seems hopeless without the kind of monitoring that would be unacceptable in a liberal society. For example, one would have to seriously examine almost every individual transaction between parents and children, friends, or anyone else who might hold something in trust for heirs. The sale of stock or other assets at some discount price is one way to transfer assets relatively innocuously. Gifts of consumption goods - trips, weddings, household goods – are another possibility. In this case gift taxes/death taxes transfer savings to consumption, which may or may not be desirable, but certainly distorts what would be an efficient allocation of goods. An innocent poker game where it is agreed in advance that daddy will lose all his money to junior could serve as an easy way of transferring money without serious suspicion. In sum, there does not seem to be an acceptable way of enforcing fair gift taxes. More importantly, the burden of gift and death taxes would fall relatively harder on those least deserving of being taxed extra: the less devious, the more law abiding, the less creative, the less well-informed, those with less legally savvy, and the more generally the poor.

We could make a case for a right to contract or transact, but we specifically need an account of why the wishes of the dead ought to matter. We can obviously do justice to someone by respecting their memory, and there is no contradiction in this, but it will not satisfactorily answer those who find strong reasons to deny the wishes of the dead, but also want to respect the wishes of the living.. If we wish to limit the claims of heirs, perhaps heavier income or wealth taxation is needed to limit the accumulation of bequeathable assets, though even this solution faces similar objections. If distributive justice is meant to ensure the ongoing legitimacy of after-tax income, it seems strange to deny transfers made at the end of a person’s life, transfer made possible by the accumulation of (presumptively) justly acquired income. We should either deny the justness of such accumulation or allow some measure of inheritance.

In any event, for present purposes, we do not need to debate the justness of inheritance in order to track the effects of injustice in the world. Since most societies either explicitly or by default honor the wishes of their dead or transfer assets to legally designated heirs, tracing a chain of ownership through genealogy is usually possible. There will usually be little difficulty in tracing a chain of property claims that would give standing to a descendant to make a claim based on what they would have inherited had the injustice not occurred. The more the state gets involved in property distribution, the more it too becomes the object of claims by outsiders. Even if we do not strongly believe in inheritance rights, we can still identify injustices and trace property holdings at least for a while.

(b)

The Problem of Identity

Derek Parfit once noted that arguments in favor of obligations towards future generations were hampered by the fact that there are no definite persons in the future to be benefitted or harmed. At best there are statistical probabilities of there being some number of future persons, but we have no idea who they are or what their needs and interests might be. Similar considerations arise when looking at compensation for injustices in the past. The individuals now demanding restitution would not usually be alive but for the injustice they are protesting. It is odd that one would protest the reasons for one's existence. Is it irrational to demand compensation (the restoration of the status quo ante) if that compensation means demanding that the world be changed to one where it is likely we would not exist? How can demanding that a necessary condition for one's existence be undone make any sense? The persons would be better off had our ancestors not been subject to injustice would not be us, but some entirely different people who might look a little like us and share some DNA. We have not been harmed. Indeed, we owe our very existence to injustice.

Perhaps the specific people who exist now would not be alive but for the unjust actions of the ancestors of nation A, but this does not taint their existence. In the case of an injustice spanning a single generation where the harm can be clearly established, it would be no defense on the part of citizens of A to say to citizens of P that they should count themselves as lucky (assuming the injustice occurred before their birth), because without the injustice they would not exist. The reason this defense does not work is that the victim's descendants press their claims not as their own, but as the claims of whomever the descendent of P happen to be. The redress is owed to their office, so to speak, not to their persons. Their office here is "heir of P." If heir of P lives in some distant country Q, has been naturalized, and is doing quite well for himself or herself, he or she is still entitled to remedy, if remedy is warranted.

Moreover, the claim "I am not who I was supposed to be" and the claim "you are not who you were supposed to be" are in no way incoherent. They are not equivalent to wishing one's own death and the death of those who may have profited from a tainted legacy. They are a recognition that certain offices "heir of P" might be more prestigious and other offices "heir of A" would be less prestigious had nation A not wronged nation P in the past. Of course, the claims might be incorrect in the sense that benefits to one's ancestors might not provide anyone with any real benefits, nor might handicaps to your ancestors provide you with much of a handicap. That depends on how things would have turned out, an uncertain business at best and one whose uncertainty increases as time passes and subsequent decisions accumulate. Nonetheless, claiming that our station is worse off than it could have been seems to make sense, and indeed claims for restitution are usually met with sympathy or hostility, but rarely incomprehension.

(c)

The argument for restitution/compensation

There are two possible types of claims here: claims to restitution and claims to compensation. Restitution is understood as returning what has been taken while compensation is a proxy for restitution and an attempt at restoring the status quo ante. Punishment is separate from both. It is generally understood that a blame-worthy action could require both compensation/restitution and punishment. Restitution is contingent on the nature of the goods people want restored to them or their families. Perishable goods by definition tend not to be subject to restitution. Very significant or unique cultural artifacts are prime candidates for restitution. When the responsible parties have destroyed or transformed objects of restitution, then it would appear that they owe compensation. However, while claims of restitution appear relatively robust over time, claims of compensation seem more contingent. In the following I try to explain why.

Natural resources seem like they are targets for compensation rather than restitution. In particular, the value of resources may fluctuate between the time of their theft and the time of their restitution. If the value has decreased, restitution fails to restore the status quo ante. More often, natural resources are used and transformed as a part of a production process. This makes tracking them and identifying beneficiaries difficult. Some ventures end up destroying resources for no profit, others are wildly successful. Should luck or the skill of those who committed injustices have anything to do with who receives compensation and who is left out in the cold? Several models are available to make sense of the duties of the beneficiaries of injustice and the rights of those who have been wronged.

The cases of most interest to global justice are the ones mentioned above where some people in nation P plunder the resources of those in nation A. One difficulty as we have seen is the assumption that (P2) and (P3) hold in the case of natural resource theft[21]. We have seen with the literature on the resource curse that it is far from easy to determine the extent to which any nation benefits from its natural resources or is harmed by its lack thereof. In particular, there is no good reason to assume that ceteris paribus a country would have benefitted from its resources. Indeed, (P2) can be wrong even if (P3) is true. We can sometimes say that Nation P was deprived of an opportunity, though even this claim is not as obvious as it seems. Ancestors of P would have had the opportunity to benefit their descendents (currently living), but there is no guarantee, moreover, if some of the mechanisms of the resource curse described in Chapter Two are correct, then current members of P could be better off now than they would have been.

This should not be taken as a defense of colonialism or as an argument advocating whitewashing the past. If we can conclusively show that nation P is worse off than it would have been had nation A not interfered, then the question of compensation can is squarely on the table.

On the other hand, if the resource curse hypothesis turns out to be true, nation P does not owe nation A for the privilege of having been robbed. The reason for the asymmetry is that no thanks is owed for wrongs done to us, even when they turn to our benefit. It may take the edge off of the bitterness if the man run over by a drunk driver is rescued by a woman who becomes his future

[21] (P2) is the premise that descendents of P are worse off than they would be and (P3) is the assumption that descendents of A are better off than they would otherwise have been, absent an injustice.

wife, but certainly no restitution is owed for the privilege of getting run over. The driver cannot get out of a law suit by pointing out that the benefits he actually conferred on his victim should be more than adequate compensation for several months of lost work or a lifetime of occasional back pain. Nation A might still owe nation P something, even If nation P turns out to be better off for nation A's transgression. However, when there is no material harm (and the empirical determination of this is very complex), it is difficult to identify exactly what is owed. An apology seems too light, but full compensation of the original value seems too heavy for current members of A, if they turned out not to have benefitted very much.

The situation might be different if we can show by some curious mechanism that on average people who get run over by drunk drivers are benefitted by the experience. If that were the case, we would probably remove prohibitions on drunk driving and declare open season on pedestrians in the streets. It might not be pleasant to get hit, but it would be worth it (on average). Similarly, if we could show that colonialism provided a net benefit to colonized nations then we might not think so poorly of it. However, we tend to think that on average getting run over and being colonized are bad things, even when some people, sometimes, end up the better for it.

On this view, if we gloss over the problem of identity, descendents of nation A could still owe something to descendents of nation P, even if these descendents are quite well off. The problem of justice is different from the problem of development. There is no question that compensation or restitution is often required. The tricky part is identifying how much. As time passes, sometimes the strength of the claims in favor of compensation wanes while the claims to restitution do not. How is this possible? The value of a priceless artifact does not diminish over time (to the contrary in fact), while the value of fungible goods does. At some point, natural resources have been so dissipated in an economy and indeed throughout the world economy in an increasingly integrated world, that with the perpetrators deceased and the money long gone, it becomes difficult to identify anyone with the proper degree of guilt for receiving stolen goods. On the other hand, the Elgin Marbles and the Rosetta Stone are very much undissipated and on display in the British Museum and thus claims to them can find appropriately guilty targets.

(d)

Moral Standing and Establishing a claim

If claims of compensation for colonial resource thefts rely on the idea of permanent sovereignty over resources, they could be a non-starter. Consider two different cases from Congo's rich and troubled history with natural resources. The Uranium mines at Shinkolobwe (which as you may recall, provided the Uranium for the Manhattan project and the bombs dropped on Hiroshima and Nagasaki) were allegedly discovered by Belgian missionaries. One of them noticed a curious rock and brought it back for examination. Cassiterite, on the other hand, was allegedly discovered in parts of the Kivu province by a hunter. For the sake of argument, let us assume these histories are true and that these discoveries were sufficient to establish a moral claim on the resource.

Colonialism doesn't seem to be a theft of Uranium if it protected the rights of the discoverer. I have suggested that individuals have rights to seek out resources, since they are located arbitrarily from a moral point of view. Perhaps the Belgian missionary would not have been there had the Belgians never illegitimately claimed sovereignty over the Congo, but the missionary may have provided the adequate moral inputs (let us assume) to lay a claim. The missionary does not have to deserve to be there, he just has to make the discovery (or do whatever needs to be done to lay a successful claim).

On the other hand, the villager who discovered the precious cassiterite was certainly dispossessed by the government and eventually local warlords. Had a foreign country come in and colonized the place and expropriated him, then the model of colonialism as theft seems to gain traction. But if colonialism was instrumental in the discovery of the resource, it is hard to argue that colonialism constituted resource theft in the right way, since there is no reason to assume that Congolese had a special claim to Uranium before it was actually discovered. The Belgian missionary arguably made a contribution to the Congolese economy through a discovery that may never have been noticed for years, if ever.

A way helpful to confirm this reasoning is to examine cases where states fall apart. The principle of permanent sovereignty seems to assume a more or less permanent relationship between individuals, institutions, and territory that has no basis in historical experience. If a valuable statue was stolen from a Hohenzollern palace in the Austro-Hungarian Empire in 1890, do Austria and Hungary have equal title to seek restitution? Do the descendants of the Hohenzollern family? Does it matter where the palace was located? And if so, then why doesn't the city or district have standing to recover the statue rather than the states? A major inconvenience of the principle of permanent sovereignty over natural resources is the definition of the relevant people who are held to own resources in common. While there is nothing odd about the principle as long as the people stay together, cases of secession make it difficult to see exactly why peoples and territories should be arbitrarily linked in this way. Diasporas also ask the same question. Does leaving a territory and joining a new one abrogate individual claims to some resources and create claims to others? One can almost understand the hostility to immigration individuals might be tempted to have if they believed that every newcomer decreased their share of the collective resource bounty. If resources are not conceived of as fixed and individuals do not feel entitled to a share of what others discover and produce, outsiders are less threatening.

Two factors should lead one to doubt this account of permanent national sovereignty over resources. On the one hand, individuals are not just resource consumers, they are also resource producers and collective sovereignty of the type frequently imagined does not seem compatible with doing justice to individuals in their capacity as discoverers and creators. On the other hand, the value of resources is not stable, but instead fluctuates primarily based on international factors. The principle of permanent collective sovereignty does not seem to do justice to the contributions of foreigners either, who provide a demand for the resources a country is claimed to collectively own.

Therefore claims of compensation can proceed, but only if the claimants can produce a valid entitlement to the resources taken. A valid claim need not be a formal deed. Many forms of property are customary or collective and never explicitly codified. However, there needs to be evidence of a wrong before rectification can ensue. In the case of colonial resource thefts there are no doubt many such wrongs, but sometimes colonists (often settlers) discovered and extracted resources without displacing valid local claims at all. Even if the discoveries occurred after an unjust displacement or dispossession, the relevant theft may not be of the natural resources (like Uranium) but of the land on which Uranium was found. The compensation owed in this case could be different. We should not assume that all resources that were shipped from the colonies to countries in Europe were stolen from anyone. The relevant harm of colonialism sometimes was not resource theft. Sometimes it may have been forced labor or land theft. Deprivations of civil and political rights do not seem to fit a compensatory model at all. Perhaps punishment would have been appropriate and still would be when the perpetrators are alive, but it is not clear what would constitute compensation for being deprived of the right to vote, speak, associate, or contract. Sometimes compensation is not really the point.

Indeed, when it comes to the claims of subsequent generations, it seems that valid claims are mostly ones that concern monetary harms. Why would a son or daughter receive compensation for the denial of civil rights to their parents (from the descendants of the criminals who deprived these parents from their rights), if that denial did not clearly make them worse off than they would have been? Moreover, colonialism did not usually replace political institutions that were on the path to modernization, so we cannot advance the argument that absent colonization some people would be a lot better off now. What seems to have been taken is an opportunity to have history proceed in a certain way. Denial of opportunities does not seem to require the same kind of compensation as theft or more specific monetary harms.

(e)

Different models of compensation

Abstracting away from the emotionally charged context of colonialism, we can try and preserve the morally relevant outlines of the situation in a more banal context. Imagine that B's grandfather stole an average wooden chair from N's great grandfather. B can document the theft and show a chain of inheritance leading to N.

Scenario 1: B's grandfather or father burns the chair. It is not clear that B owes N anything. B didn't profit from the burning and B is not tainted by the sins of his father and grandfather.

Scenario 2: B's grandfather or father sells the chair and spends the money on alcohol. Whether B profits from the sale of the chair depends on whether B's father or grandfather would have bought and drank all that alcohol had he not been able to sell the chair. If he would not have, then B did not benefit. The sale of the chair just financed extra consumption for B's father or grandfather. If on the other hand, B's father or grandfather would have spent money on the alcohol anyway, then the sale of the chair could be savings that would have passed on to B. The key in this case is what would have happened had B's family not owned the chair.

Scenario 3: B himself burns the chair innocently. In this instance, he might conceivably owe N something, but what is owed?

Several accounts are plausible:

1. Does B owe N the value of the chair plus added interest for N's family not being able to use the chair for 100 years? This would treat a chair as a capital good producing a stream of sitting benefits over time, benefits that N and N's family have been deprived of for a century.

2. Does B owe N a wooden chair like the one burned, even if obtaining such a chair would be prohibitively expensive? Wood from the time the chair was made was far better quality, not having grown in polluted environments. Finding this sort of wood today is extremely expensive, even though the chair at the time was as ordinary as could be imagined. This would treat the chair as an artifact.

3. Does B owe N something equivalent to a device commonly used for sitting today? This is possibly something that never existed back then and is in fact a whole lot more comfortable than the old wooden chair that was put to the torch. This would be a comparative equality account of compensation.

4. Or finally, maybe B just owes N a wooden chair of roughly similar condition to the one burned. This is roughly what an insurance company would do, so we can call this the actuarial model.

I would argue that B owes N a wooden chair or the money needed to buy an ordinary wooden chair. B is not guilty for the sins of his father or grandfather. If they derived great pleasure from this old wooden chair, chair that N's family would have enjoyed had it not been stolen, it is not justifiable to hold B accountable for the benefits accruing to his family that he did not benefit from. However, again there is a question about what would have happened absent the presence of the chair. If legitimate family revenue would have been used to buy a chair, revenue that ended up being passed on to B because there was no need to buy a chair, then there is a real sense in which B did benefit from the expanded consumption opportunities of his forebears. So it depends on what kind of good the chair was. The more it was a luxury good, the less likely it is the family would have bought it had it not been stolen. The more of a necessity it was, the more likely it is the stolen chair substituted for consumption that would have occurred anyway. More generally, compensation by descendants seems due when what was stolen did actually serve to benefit these descendants.

An interesting side effect of this analysis is that there appears to be an inverse relationship between the gravity of the crime (in a deontological sense) and the duty to compensation when the prize from the crime is destroyed during a previous generation in the following way. It is probably not as bad a crime to steal out of necessity than gratuitously. Stealing a piece of bread when you are hungry is not as bad as stealing a Rolex watch if you're already quite well off. One can account for this through the more and less reprehensible motives of each agent: hunger and desperation versus greed, or the thrill of the sport, or what have you. The latter scoundrel would likely never have bought the watch himself and therefore its theft and subsequent destruction would have in no way benefitted the scoundrel's progeny. On the other hand, the individual stealing from need may have been forced to trade the rags on his body for that piece of bread and there is a real sense that absent the theft his descendents would not have inherited those rags (or their cash equivalent) and therefore are, in some sense, benefitted by that theft.

Coming back to B and N. At best, B could owe N the equivalent of the benefits B enjoyed during his tenure of the object. While plausible, this sort of subjective value calculation is hard to make: N might really value the opportunity to sit on his great grandfather's chair or he may actually not care that much. How is an impartial observer to tell? Using an agent neutral measure like market price fails to capture the true losses and gains of each agent. N’s family heirloom could be B’s ordinary kitchen chair.

However, unlike B’s thieving ancestor, who could reasonably be held to a kind of strict liability for the value his victims put on their possessions, B does not seem to be morally required to be suspicious of relatively unremarkable elements of his inheritance. Now if instead of a simple chair, he had inherited some clearly unique artifact, he might be obligated to inquire about its provenance, but of course if his kin lie to him, there is not much he can do. He possesses the chair in blameless way, unlike the grandfather who stole it. He is not morally guilty of the act of deprivation, just innocent possession of something that was not legitimately his.

When B inherited a chair, he inherited a chair, not a stream of potential liabilities associated with it. Inheritance of stolen property is a kind of limited liability as long as the inheritance is truly blameless. If the heir is very much aware of the tainted nature of his inheritance then he has the same strict liability as the original thieves. When B disposes of the inheritance without true knowledge of what it was worth either by destroying it or selling it, he is responsible for what he could have reasonably been aware of, not for what he couldn’t possibly have known. If this chair was just priceless or priceless to N, its destruction at the hands of B is one of the tragedies of life like those later Italian clergymen who unknowingly had Michelangelo’s frescoes painted over. B could owe an ordinary used chair to N, but that was likely hardly the point for N.

When we turn the situation around and consider the case of poisoned gifts (assuming the giver is unaware of the effects of his gift) we observe an asymmetry. Some, like William Easterly, have argued that foreign aid is frequently detrimental to the development efforts of poor countries. Well motivated actions can sometimes lead to worse results than callous inaction (let us assume for a moment that Easterly is right). Let us say nation A gives a lot of aid to another country, nation Q. Nation Q is thereby trapped in a vicious cycle of dependence that prevents it from achieving any meaningful economic take off in a way that it would not have been absent the aid. There is no guarantee of course, that absent the aid, nation Q would have experienced economic take off, but we assume that the aid they receive almost certainly prevents the possibility. In this case, nation Q cannot claim anything in restitution from nation A. Unless nation Q can show that nation A knew that the aid would make it worse off and launched massive programs of foreign aid out of pure malice, the assumption is that nation A did nothing wrong in momentarily trying to relieve the suffering of nation Q, even if in the long term citizens of Q (over a period of generations) were harmed by the humanitarianism of nation A. What we owe perpetrators of injustice is punishment and the exaction of compensation, what we owe good Samaritans is reciprocity and thanks. We owe these things regardless of the ultimate effects of these actions. Common sense dictates that we should not be held accountable for that which are not responsible for knowing or that which we have no control over[22].

Perhaps this example also depends on whether citizens of Q consented to be helped by A. Often one does not expect those in difficult circumstances to refuse help when it is offered. However, there could be situations where exceedingly proud people of limited means refuse aid from more well-to-do neighbors. If the aid is nonetheless shipped off and in some sense foisted upon citizens of Q, then we have a particular case of exploitation where an offer is made that some did not want to accept but were in some sense enticed to accept by its immediate proximity. This could be like buying a drink for a drunk friend whose sober self would not have wanted another drink, but In current circumstances will absolutely drink the alcohol. The more standard account of exploitation is offering someone money in exchange for something they would not have done had they not been desperate. This case of exploitative altruism is probably rare, but could theoretically engage the responsibility of country A even if A had no idea of the side effects of its forcible rescue of Q. This account implies that Q has some means of escaping its predicament absent help from A. The wrongness of A's coercive altruism lies in its impermissible substitution of its own judgment for that of Q, but if Q is in some kind of mass suicidal hysteria, one could justify aid on the basis of Q's hypothetical consent.

Naturally, when we come to be able to foresee the effects of our actions, we are apt to change our views about what kinds of actions are required

[22] I ignore for the time being arguments by Nagel and others who endorse some version of moral luck.

by justice or benevolence. Colonialism might be sanitized if it turns out to be to the benefit of its victims in the same way that drunk driving might be sanitized if it turns out that everyone who gets hit by a car finds the love of their life. Of course, it is precisely because we don't think that there is a causal relationship between colonialism and development or car accidents and marriage that we continue to believe them to be unambiguous wrongs, even when the sometimes there is a relationship. This tells us that our intuitions about right and wrong are often heavily dependent on our assessment of the causal mechanisms at work in the world.

(f)

The inheritance of crimes and debts

Miller points out a distinction frequently made in systems of inheritance between the inheritance of crimes and the inheritance of debts. Debts can sometimes be inherited in ways that crimes cannot. This is not ubiquitously recognized. In some cases debts die as well, and in other times and places a choice has been offered as to whether a son wants to step into his father's shoes, acquiring both his assets and his debts. It is generally recognized that a son may not be incarcerated to finish his father's prison term, but if he wishes to inherit the family house, he must also inherit the mortgage that goes with it. It seems that Miller has the right framework to address international intergenerational injustices.

Resource thefts are neither quite like crimes or debts however. Potential punishment for the wrong of the theft expires with the death of the wrong doers. It cannot pass onto innocent sons and daughters. But that does not mean restitution of unearned advantages or compensation for unjustified disadvantages cannot gain traction. Those who see non-renewable natural resources as a fixed quantity from which only subtractions can be made will tend to treat resource thefts like thefts of irreplaceable art that are then destroyed in a more or less productive process. They will treat resources as capital goods, whose streams of benefits individuals or a society has been deprived of for a time. Those who see resources as a variable whose quantity and value is constantly subject to uncertainty, more or less infinitely substitutable (on a human time scale) given enough energy will tend to see resources as falling under a different model, one that emphasizes how resources actually might have harmed or helped different people. On this model, resources are sometimes replaceable and actual evidence of harm and benefit needs to be produced before compensation can proceed.

If there is no obvious benefit to the descendants of resource thieves, there is nothing they have that anyone has a claim to, since we have already absolved them of the moral taint of the wrong doing of their ancestors. If there is no evidence that the inheritance would in fact have accrued as a benefit to the claimants, then their claims seem weakened. This is because the value and effects of resources in the world are ambiguous and contingent. Both conditions need to be satisfied for compensation to be warranted, because as much as we may feel for those who suffer from long gone injustices, we cannot punish the innocent whose current holdings have nothing to do with the incident. If A stole something and spent the proceeds on having a good time, leaving his or her heirs destitute, there is no justice in putting a lien on the income of A's heirs. A's heirs are not linked to A in the appropriate way, unless as we saw with the chair example, we can show that absent the theft, A would have spent his or her own money on having a good time anyway in which case A's heirs are in fact in possession of things that they would not have been in possession of absent the thefts.

A further puzzle, however, is why people are so tempted to go after heirs of A, rather than the shop keepers, barkeeps, and brothels that A dissipated the money on. Perhaps, the intended target depends on what would have happened absent A's theft. If A would have gone to the same fine establishments regardless of his thefts, then there is no sense in which those establishments are in possession of wealth that they would not have otherwise had. If not, then they are. This is probably why claimants go after governments rather than individuals. They have resources, little sympathy, and present the illusion (at the very least) of institutional continuity. They can serve as a proxy for individual heirs and money that was dissipated into the economy one way or another. The problem with this analysis (even if we can establish that there is institutional continuity of the right sort) is that in an increasingly globalized world, resource thefts and their proceeds are not just located within some national borders, but have circulated throughout the world. Indeed, the same could be true of specific heirs. Perhaps despite these considerations, the state could still be a good enough proxy, but if so, its liability has to be severely discounted due to the aforementioned factors.

There are also pragmatic considerations to consider when addressing the problems of compensation. The more descendents there are of P, presumably the more insignificant their share of the remedy is going to be. If several generations pass, the population of P could be such that restitution is not even worth pursuing, given that one individual's share is small relative to the cost of pursuit. It is significant therefore that Miller uses the example of priceless artifacts like the Elgin Marbles to press the case for restitution. These are an irreplaceable part of Greek history in the way that rubber from Indonesia is not. Their value per person does not dissipate because people do not as a rule destroy their symbolic value by turning them into useful inputs for inferior artworks or buildings[23]. Resources, on the other hand, frequently dissipate quickly into an economy either by being sold or by serving as inputs into productive ventures of uncertain worth. If there is a way to track the transformation of resources into capital through production processes that are specific to a particular firm, then there is a way of seeking some restitution inasmuch as firms endure over time.

The same logic applies to governments. When thefts are public or made

[23] Of course this has in fact occurred countless times with the light house at Alexandria, marbles from the Parthenon, and pieces from the Roman Coliseum, to name a few.

possible by governments, those governments do incur liabilities. We inherit institutional responsibilities like treaties, constitutions, and laws as surely as we inherit their benefits. The analogy with corporation is clear: shareholders inherit the liabilities as well as the assets of the corporations they buy, even those they are unaware of at the time of sale.

There is a further question about the extent to which a government can limit the liability of a corporation when it comes to claims made from abroad. Governments limit liability in order to encourage domestic risk taking and economic activity. However, foreigners do not usually benefit from these rules like citizens do and even if it could be shown that they did, no foreign government would be authorized to make that trade off for them (less liability/more wealth). If there are already legitimate bi-lateral or international treaties in place that establish rules for these kinds of situations then liability can be limited, but if not there is no compelling reason why citizens of P should have to be bound by laws in A when companies in A wronged them.

As we have already noted, the existence of an injustice does not always ground the claim for restitution because responsible agents are sometimes missing. We see this in cases of “natural injustices,” where random natural accidents happen to good people for no reason. In the case of unfortunate events resulting from human action, but not human design, sometimes there is no case for restitution either. If a good company is forced out of business because customers have bad taste, maybe an injustice occurred that requires no particular remedy. Even in the case of unjust actions that are the result of human design, we can sometimes find no reason for remedying the situation: a good worker is fired by a short-sighted employer. It is unjust, but there are good countervailing reasons to allow employers discretion in this area. Finally, in some cases, the requirement of a remedy simply lapses when the agent who is required to make restitution passes away and there is not an agent to take his place in a morally relevant way. This seems to be the case at least some of the time with resource-thefts. We could imagine that a sufficiently motivated claimant could “follow” the money up to a point, but very quickly it seems that the number of receivers of the proceeds of stolen resources multiply to the point where it is not cost-effective to pursue them even if it could otherwise be justified. The claim lapses for want of identifiable agents to prosecute.

Sometimes claims are invalid because the claimants cannot in fact establish that they would have been better off, on balance, absent the injustice. Chapter Two tells us that we cannot assume very much about the effects of resources in the world. If N lives in a country where rather than being used to create wealth, resources actually help destroy wealth or the benefit that they give is counterbalanced by the harm they do to the political process and other industries, then it is possible that citizens of N don’t have standing to complain. This is a complicated claim on my part and I am unsure how far it extends. For example, if colonists actually discovered the resource during their colonial occupation, there is a real sense in which they contributed to a resource curse. The harm lies in the discovery not the theft. Indeed, ceteris paribus, the theft may have been a boon. However, the degree to which colonists are to blame for things that they could not reasonably have foreseen is unclear. My earlier claim that wrong doers have a strict (or stricter) liability for the effects of their wrongs than blameless agents of harm may not extend to all unintended consequences of their wrong doings. The bad effects of resource wealth aren't completely independent of the actions of decision-makers after decolonization. This is fairly clear in the case of the Congo where Mobutu should probably have known better than to decimate the agricultural sector and infrastructure in pursuit of uncertain political advantages.

Still, even if never entirely true in practice, in theory I want to maintain that if no harm to the descendants of N can be shown, then even if descendants of A are enjoying unearned advantages, it is not clear to me why N's descendants ought to have a claim on these advantages. It seems that these advantages are primarily a result of the different institutions A and N have inherited, something for which no one is responsible and therefore it is not clear why anything should be done about it. Of course, the more one wants to resist the idea that people should not benefit or be burdened by circumstances not of their own choosing (luck egalitarianism), the more a case for redistribution is warranted but at that point it would not be a case of compensation for harms done, just rectification of bad luck.

We can sum up the possible cases and their outcomes in a two by two matrix:

Table II:

Due to past injustice:	A is benefitted	A does not benefit
B is harmed	Clear case for Compensation	No reason for compensation
B is not harmed	No reason for compensation	No reason for compensation

Of course none of the above changes the fact that individuals and entire peoples have been egregiously wronged, but this radical uncertainty about how privilege and deprivation centuries ago affects privilege and deprivation today puts limits on what compensation descendents can seek or can owe. We live in an era marked by unparalleled technological and economic progress and we will be fortunate if that trend continues. However, the idea of advantage presumes that there is something gained by one's possession of a characteristic or object. However, if the causal relationship between internal characteristics or the possession of an object and the benefit provided by that object or characteristic is highly contingent on factors that have nothing to do with the object, then it is difficult to see how the object itself would constitute an advantage. It is easy to see how one could be mistaken or fooled into thinking that the object is producing the advantage, but it would be an attribution error in the same way that individuals can be shown to overattribute the causes of behavior to characteristics internal to the agent rather than the circumstances they find themselves in. This is the main lesson provided to us by natural resources: their physical characteristics do not by themselves suggest any particular economic value. Normatively speaking, how efficiently one can turn an advantage into a subjective benefit is not something anyone should have to apologize for. What needs to be apologized for is wrong doing. What merits restitution is the receiving of benefits that one is not entitled to, when those benefits would have otherwise accrued to someone else.

Many injustices can and should be compensated for, particularly recent ones where the causal connections between the evil and current deprivation are the most plausible. When individuals commit acts of exploitation that are clearly wrong by their own standards, when they willfully ignore evidence to the contrary because they suspect it will weigh against the course of action they prefer, and when they fail they duties of due diligence, then they are clearly liable and so are their descendants if it can be reasonably shown that these descendants have benefitted from bequests that arose from unjust dealings and the descendants of victims have suffered. However, if the benefit was squandered by the original plunderers, the liability of the descendents seems to vanish. There is nothing left to go after, unless one can identify some of the major beneficiaries of past squandering. If citizens of nation A sold resources they stole from nation N and then spent all the money at the local pubs then it would seem that the resources have vanished in an ever expanding network of transactions that link the pubs to suppliers to barkeeps and waitresses and banks and landlords and taxes and so on. If the original thieves are brought to justice, they can be held liable, but their sons and daughters seem to have benefitted in no way from P's plight. On the contrary, children usually suffer when their parents are irresponsible drunkards. One could go after all those who did receive stolen goods, but one suspects that the effort would quickly become futile and self-defeating. Going after the state is also problematic because we can assume that in an era of relative free trade many of the proceeds were spent in foreign trade or acquired by foreigners. Even autarkic states (or especially autarkic states) could claim that the value was simply destroyed long ago by an economy that failed to turn those specific resources into a benefit for subsequent generations.

(g)

The Moral Status of Enabling

One thing we have touched upon but so far not examined in any depth is the role that states played in promoting the private depredations of colonists. I have said that I am skeptical of the idea of using the state as a default object of claims simply because easier targets cannot be found. However, in many cases like the British East India Company, colonialism was pursued as a public/private partnership. States themselves have committed many wrongs during the course of colonialism, but what I am interested in here is the wrongs pertaining to resource thefts. While sometimes governments directly exploited resources, often they were simply enablers.

So let us try and focus our examination on this issue. What if nation A permitted two private companies E and W to operate in its colonies? E was relatively well run and W was not. E reinvested its profits around the world and grew the capital extracted by force from nation P. After colonialism, E went on to be a successful conglomerate. W made bad investments. Worse, W simply spent the money on corporate perks and overinflated salaries and eventually folded once colonialism came to a halt. What is the liability of E's shareholders? W's former shareholders? What about nation A?

I am tempted to say that the liability is limited to the original value of the sums extracted. E would be liable for some restitution, but not for the value of the decisions made with the illegitimately acquired capital or enabled by the relatively decent domestic governance of nation A. After all, absent contrary evidence, E is working under the assumption that A sanitizes its acquisitions, even when in fact that proves to be untrue. What about W's former shareholders? Should we say that nation A's citizens should pick up the tab? What about the descendents of W's shareholders? Does it matter if those descendants are rich or poor? I am tempted to say that unlike actual theft, enabling theft is a crime for which compensation is not an appropriate remedy. Simply because the proceeds of the theft have been destroyed does not entitle one to go after the enablers because they happen to have money, if it cannot be shown that they profited from the theft.

There is a further problem with holding citizens of A liable as a group. Only a small percentage of these citizens actually chose to be citizens of A. This is disanalogous to the shareholder or partner who bought shares of a firm. We are generally liable for the risks we assume, but citizenship is not an assumed risk, it is a lottery rather more like genetic talent than a calculated gamble. It is difficult to hold people accountable for things they did not meaningfully choose. The same moral arbitrariness of citizenship that suggests some form of cosmopolitanism militates against holding descendants from a state liable for the thefts of their forebears, unless they can be shown to currently benefit from them.

It will be pointed out that citizens of A also profit from being citizens of A and it seems unfair to say that they are entitled to the benefits but not the liabilities. However, the benefits of citizenship can be innocent. For an entitlement to remain undisturbed all that is required is the absence of a valid counterclaim, not the existence of very strong ties. On the compensatory account, for a liability to occur, there has to be a specific kind of link between those who are responsible and those who are being prosecuted. Does citizenship provide that link? I think that it can in the same way that blameless inheritance can still give rise to duties of compensation. How it would be appropriate to further distribute the costs of compensation among the citizens is a separate question.

If current citizens are worse off or no better off than they would have been absent the theft, then no compensation seems warranted. Current citizens are not enjoying any benefits they are not entitled to, even if they are quite well off, because their holdings are not tainted in the necessary way. The validity of claims based on ancient resource thefts seems to depend on the ability to trace the relevant chain of responsibility. The degree to which tracing this chain is rational and worthwhile depends on the costs of doing so relative to the benefits, which would seem to depend on entirely contingent things like how well transactions records are kept. If P wishes to press a claim against a certain number of A's citizens (and A was not particularly complicit in enabling its citizens to steal) and it would not be worth doing on a pure rational calculation basis, the claim does not automatically lapse. It is presumably the right of a claimant to make decisions about how much he or she values the claim. Perhaps a symbolic judgment would be worthwhile even if more money were poured into trying to establish the identity of defendants than would be recovered. Particularly if the claims are pursued in A's courts, A has no authority to throw out a suit based on the decision that it is a waste of time for P. Even though A does not get to decide what constitutes P's waste of time, absent any international arrangements to the contrary, presumably the burden of proof and the cost of pursuing the action would be on P since A's citizens benefit from a presumption of innocence.

It may nonetheless be a good idea to partly subsidize the pursuit of such claims on the part of the dispossessed. An international tribunal with its own fact finding teams might make a lot of sense. The difficulties of cross-national litigation and coming up with standards for restitution and compensation that are not politically biased could militate in favor of a more neutral and expedient system. There is no guarantee that an international tribunal would be less politically motivated however. Perhaps former colonizers could be induced to endorse this kind of court if it were also empowered to deal with a copyright and patents regime. There is a certain logic to having one authority deal with cross-national property rights violations, physical and intellectual. Whether this kind of set-up proves to be more expedient and less politically charged than proceedings in domestic courts is an empirical question to be investigated. The existence of extensive international injustices, historical and ongoing, certainly provides some ground for establishing a legal framework capable of impartially adjudicating claims. A just system going forward should probably have disincentives to commit thefts across borders and knowing there exists a relatively effective adjudicatory and enforcing mechanism could well be part of this system.

[Chapter III – Part VI]

The Lockean Proviso Applied at the Interstate Level

Those who advocate a duty to make distributive transfers to citizens in the developing world on the basis of natural resource inequalities often lean on some version of the Lockean proviso. The proviso is a qualification John Locke added to his theory of initial acquisition in order to make sure that the private appropriation of some part of the natural world did not leave others worse off.

Beitz and Steiner's arguments are both heavily reliant upon an interpretation of this requirement that cannot be realistically sustained. Pogge also refers to it. There are two major weaknesses in this interpretation. The first consists in treating the value of natural resources as an objective property of the resource rather than a subjective (or socially constructed) property of institutional structures. This leads to an untenable distinction between the value of resources and value added of labor and social cooperation. The second consists in interpreting Locke to mean that under conditions of moderate scarcity, each appropriation reduces the amount of available for others to appropriate. In his justification for the appropriation of private property, Locke included a proviso that legitimates appropriation only if "enough and as good" is left "in common" for others. What this means however, and what this can generally be construed to mean, is subject to some dispute. In particular, there is an empirical question about whether the enclosure of property under conditions of scarcity actually does decrease what is "enough and as good" in "common" for others. I will follow the lead of those who have argued that under favorable conditions, it does not. If I am correct, then we must revise our theories of international distributive justice accordingly.

[Part VI – Section 1]

The social construction of resource rents

Hillel Steiner's left-libertarian interpretation of the Lockean proviso is ingenious. From the premise of moral arbitrariness of resource locations already discussed, Steiner concludes that it is a fact that at least in part due to good fortune, some individuals and some countries are relatively better situated than others with respect to the arbitrary (from a human point of view) worldwide distribution of naturally occurring physical substances in the world. Therefore some individuals inevitably (and often times through no fault of their own) acquire more than their equal share, while others are left wanting.

How are we to determine what any individual (or country, as seems inevitable for practical reasons) owes? Steiner argues,

> *"The world's raw natural resources are compendiously describable as constituting a set of territorial sites, and the value of any such site is the sum of the values of all the sub- and supraterranean resources, as well as the surface areas, it comprises. The aggregate global value of these sites thus constitutes the dividend in the Lockean computation of what "enough and as good for others" amounts to. No doubt this aggregate global value fluctuates over time, as does the magnitude of the Lockean divisor, that is, the number of others that there are. Whatever these fluctuations may be, each person's initial domain includes a right to the quotient: a right to an equal portion of the aggregate global value of territorial sites." (Steiner, 1999, p. 175)*

A "global fund" is then set up to make the appropriate transfers.

Steiner believes that resources, in the sense of that which is initially untransformed and untransferred, comprise a non-negligible part of the value of the world's territorial sites. As he says in a footnote, the value he is concerned with is the value of everything at a given territorial site minus the value of all the improvements made by human activity. I want to argue that what he sees as the value of territorial sites can frequently be mistaken for entrepreneurial profit. I do not want to completely deny that there could be something like a “value added by nature” but I want to highlight the difficulty in calculating it and at least broach the possibility that it may not in fact exist at all. In effect, conceiving of new uses for territory is an improvement made by human activity and therefore the fluctuation of the value of global territories is not *res nullius* (owned by no one) or *res communis* (owned in common) but rather attaches to specific individuals, corporations, and governments. This makes it harder to conceive of naturally occurring substances as ripe for redistribution.

Implicitly, Steiner is leaning on the arguments made by Herman E. Daly (summarized in Chapter One) that note that resources have different physical potentials for human use. Some land is in the middle of the desert and other land is beautiful beachfront property. Given relatively stable and universal human wants and desires and the physical characteristics of each parcel, the latter is much more useful and therefore valuable. I want to argue that while there is some merit to this kind of claim (human needs and wants are not infinitely plastic), one must also pay careful attention to how human needs and wants are both quite varied and socially constructed. The “usefulness” of a substance's physical properties is directly contingent on this structure of wants and needs mediated by institutions, both domestic and international.

Many economists have sought to distinguish the marginal product of the land from the marginal product of all the factors of production mixed with it to produce goods and services. In practice, however, it is very difficult to separate the marginal value of the land itself from the value of the improvements made to it. One might easily mistake one for the other.

It is true that in some sense, without human wants and needs, no land is worth anything. However, with respect to the goods and services people buy and sell on the open market, some land will be cheaper or more productive to exploit than other land. But how is one to know the “natural” characteristics of the land after centuries of human modification and improvement? Left-libertarians, Georgists, and other advocates of land taxes will say that from the price of the output, one should subtract the value of all the human inputs. But how are we to measure what counts as human input. In particular, the value of entrepreneurship and the rate of interest on capital are hard to disentangle from economic rent. As Murray Rothbard notes, most natural resources and land are purchased, not enclosed from nature. (Rothbard, 1962, p. 488) Included in the price of purchase is the discounted value of all foreseen income derived from the land or resource. Once the land has been purchased, the income deriving from the land is investment income for the owner. The money sunk into purchasing the land accounts for the investment. The first owner of the land, through the sale, has captured the putative value of all future natural returns to the land, but the new owner is merely trying to capture a return on his knowledge and foresight about the purposes the land might be put to. If Rothbard is right, then only the first owner of the land captured rents.

The process of buying and selling natural resources, including land, is a process of trying to discover what the value of the land is to human beings. However, once investors begin to gamble on the price of the land, they are making gambles both on the value added by nature (so to speak), the value that could be added by capital and labor, and the changes in possible valuations of all of the above. These speculations are themselves value added because they help shift consumption of the stream of goods into the future where (they believe) demand will be higher or tastes will have changed to the advantage of the good they are speculating on relative to the ones they are implicitly speculating against. While individuals may well not be entitled to the value added by nature, they are probably entitled to the value added by the use of their knowledge and foresight even if they might have to share this profit with the social institutions (like governments) and private entities (like banks) that make these speculations and gambles possible.

Another reason why trying to calculate the value added of nature may be futile can be seen by considering the case of two adjoining plots of land. One has rather hard soil and the other has very fertile black soil. Accordingly, farmers in the area use the supramarginal land for cultivation and generally ignore the inframarginal land. Despite all the care and nutrients needed to keep the fertile piece of land fertile and all the improvements that can be made to the land's return through seed technology and so on, the fertile piece of land will have some natural value added that the barren land does not. Now tractors and all manner of mechanical equipment have been invented and there is a need for parking lots. The barren land is sold first but space runs out and it becomes clear more is needed, so the fertile land is eventually also sold. Both pieces of land are paved over, and this process is irreversible because (let us assume) the tar used for pavement is toxic to the land. At this point, the natural value added of the formerly fertile land has been destroyed and rendered equal to the natural value added of the other piece of land: near zero. At the same time, since all these transactions were voluntary (let us stipulate), we can be certain that people believe that the value of the land as equipment storage is superior to the value of the land in agriculture. The value of the land has gone up with the destruction of natural value added.

Now, let us return to Steiner. Does destroying the natural value added component of the land destroy distributive obligations that were once there? If not, then there is a potentially insoluble question about any piece of land and whether at some point in its long history its natural value added was depleted or destroyed and replaced by human value added. If the natural value added was destroyed, then we have as much as admitted that natural value added is something dependent on human action, which seems to defeat its theoretical purpose, namely, to identify a clear fraction of human wealth that is due to non-human physical processes.

I don’t believe the objection is fatal, in the sense that one could at the same time defend natural value added and the power of human beings to change it, but as with the example given, this does significantly complicate the task of figuring out what fraction of their wealth humans cannot claim as their own. It is true that, once the costs of exploration and operation have been amortized, mining operations can clear a significant profit, but how is one to distinguish that profit from the wages of the entrepreneur or prospector who discovered the claim? The mine only acquires any kind of social significance when it is first discovered. At the same time, if it weren't there at all (the product of sedimentary and tectonic activity) no one could have given it any social significance. Conceptually it would be a lot easier to do away with the idea of natural value added and attribute the rents from natural resource exploitation to entrepreneurial profit. One could go the other way too, and deny entrepreneurs any share of the profits from their discoveries and contributions, but this would not be a very good incentive structure to reward entrepreneurship. Anything in the middle seems to require a third party judgment on the extent of the contributions of nature as opposed to entrepreneurs the authority of which could always be contested or politically captured. This does not create a particularly stable regime of property rights, but since that is not the only thing that matters, it is theoretically defensible if inelegant.

In addition to destruction and depletion, there is a real risk of attributing natural value added to features of the land that are the result of positive externalities from human endeavors. For example, damming and building canals can have far reaching effects on what appear to be natural characteristics of the land. On a grander scale, human created global warming will certainly affect the natural value added of land everywhere, both positively and negatively by altering temperatures and rainfall patterns.

When it comes to natural resources like coal and oil, we have already seen that it is difficult to calculate what the returns to investment should be. In times of very high oil prices, oil producers experience large windfall rents (since the price of inputs has not changed very much) and yet it would be odd to attribute these large rents to natural value added. The rise in price did not occur because the substance's natural properties changed, but because of increases in demand for other goods to which oil is an input. Moreover, those who made correct gambles by purchasing oil futures when prices were low have performed a real service by shifting consumption from past to present, but it seems very hard to distinguish the value of this service as opposed to the natural value added of the commodity. When human beings discover more things to do with a substance, it is unclear why its natural value added should rise and rents should be shipped off to the global fund. It has indeed become more useful, but primarily as a result of the foresight or good fortune of an agent imbued with intentionality, not because its properties have changed.

At most we can say this about natural value added: contra-Beitz, it ought to be constant for a given substance, since properties of the natural world rarely change without human input. If we discover new properties or new uses for resources it is difficult to say whether we should credit this to the resource for always having had this property or the discoverer without which humanity would still be in the dark with respect to this aspect of the resource. I am tempted to credit the agent whose discovery made new uses of the resource possible, rather than the resource, whose extra-value added would then be sent to the global fund. Perhaps this is a pragmatic preference rather than a moral one. The world is likely to be a better place when people get credit and rewards for what they do. However, I also believe that there is a certain undeniable moral claim to the fruits of one's efforts, including the discovery of new uses and properties for natural resources. This does not mean that this moral claim is very specific or that it entitles the bearer to all the profits from his discovery, but it would be wrong as well as inexpedient to treat his agency as irrelevant.

[Part VI – Section 2]

Property and Scarcity

In his book *Political Theory and International Relations,* Beitz says, "In a world of scarcity […] the appropriation of valuable resources by some will leave others comparatively, and perhaps fatally, disadvantaged." (Beitz, 1979, p. 139) Beitz and Steiner are by no means alone in accepting this interpretation. Jeremy Waldron, in his book "The Right to Private Property," argues: "A parent may have a duty to see that his child is fed; but his ability to discharge this duty will be undermined if the resources which the child needs have been put 'off-limits' by the appropriation of somebody else." (Waldron, 1988, p. 268) Yet is it true that appropriation of resources by some nations or individuals leaves others at a fatal disadvantage? Are resources rivalrous in this way?

The zero-sum view of appropriation that many espouse is one where private appropriation only benefits the appropriator. However, if appropriation (as a generalized phenomenon within a well ordered society) leads to an economic process in which finished goods are offered on a market, others are clearly benefited by now having a larger menu of choices. Not only are their consumption possibilities enhanced, but so is their choice of occupation. Some people would rather be musicians than tenant farmers. One could plausibly answer that being benefited is not the correct standard, the standard is having enough and as good an opportunity to appropriate as the initial appropriator. At some level, as Nozick once pointed out, this requirement, if taken literally, would be impossible to fulfill, since no two resources are exactly substitutable and every acquisition literally does decrease the equal opportunity of all others by depriving them of the opportunity to acquire that very piece of land. (Nozick, 1973, p. 174, 175) We can assume that Locke did not have that impossible condition to fulfill in mind. To be sure, the opportunity faced by an original appropriator and the one faced by a hypothetical late-comer is not the same, but perhaps it could still be "as good" in the sense that a person in a well-ordered society where all resources have been appropriated might have as good an opportunity to seek a good life as a person facing open fields of virgin land. The reader might already suspect that the average person in a well-ordered modern society actually has far more opportunities in general, even if the choice set doesn't include appropriation of virgin land. Just as natural resources are sometimes substitutable for one another, and various kinds of capital can substitute for one another, so can various kinds of opportunities in society. Not having an opportunity to acquire virgin tracts of land is not an imposition if something as good or better replaces it.

The main problem with the literal interpretation of the Lockean proviso is that it rests on a misunderstanding of the relationship between property and scarcity. Beitz does not elaborate on what kind of disadvantage he thinks late comers and non-appropriators face, but if he means something like a lack of opportunity to realize one’s capacities or a lack of opportunity to set up a just system of social cooperation, or even lack of opportunity to acquire property, then I believe that he has drawn the wrong conclusions from the fact of generalized private appropriation, at least within the social context that Locke imagined. Far from harming those who could not get to the resource first or those who were born long after all the world’s resources have had claims laid on them, it should be obvious that appropriation ends up creating incalculable benefits for late comers, including (and perhaps especially) the least advantaged. (Tomasi, 1998; Schmidtz, 1994) The prospects of the severely mentally and physically handicapped are without a doubt better in societies where widespread appropriation has left little to no resources in common. It is intuitive to think that my appropriating something means that someone else no longer possesses the opportunity to do so. A system of private property, however, generates incentives for wealth creation far above and beyond the possibilities offered by common ownership or use. The upshot is that as we expand our horizons, the material prospects of a random person born in a society today where no property exists that can be freely appropriated are far better than the prospects of anyone born when much of the world still lay “in common.” To put the question in another way: In what way were the first colonists of America, faced with large tracts of virgin land and untapped resources, better off than we are today? According to David Schmidtz, “The argument is not merely that enough is produced in appropriation’s aftermath to compensate latecomers who lost out in the race to appropriate. The argument is that the bare fact of being an original appropriator is not the prize. The prize is prosperity, and latecomers win big, courtesy of those who got here first. If anyone had a right to be compensated, it would be the first appropriators.” (Schmidtz, 1994, p. 83)

One way of understanding that systems of property create value is to look at certain forms of ownership that have been created precisely in order to produce a more efficient organization of production. Fiat money is one example. Derivatives, futures, and pollution permits are others. Without secure means of exchange, trade in many natural resources would be all but impossible. Other created or evolved forms of property have specific purposes, like providing efficient ways of reducing negative externalities or providing for the diversification of risk. It is often the security and predictability of systems of property within the rule of law, both created and evolved, that permit the efficient organization of physical resources and thus doing more with less. In other words, resources exist within a social context that largely determines their status as resources and their relative value. Pieces of paper, like property titles, acquire enormous value because of their role in enabling exclusion, which paradoxically also enables the creation of tremendous opportunity.

If Steiner, Pogge, and Beitz were correct in their view of the relationship between property and scarcity, we should be able to show that countries that score the best on measures of property rights protections also score near the bottom on measures of income or wealth inequality. While I did not find any direct evidence on the subject, I did compare the lists of the top 20 and bottom 20 countries on the IPRI measure of property rights protection and standard Gini coefficients of income inequality as measured by the World Bank. A cursory examination of the top ten countries with the lowest Gini coefficients of income inequality finds: Sweden, Denmark, Slovenia, Iceland, Austria, the Czech Republic, Finland, Luxembourg, Slovakia, and Bosnia Herzegovina. The top property rights protectors according to the International Property Rights Index are Finland, the Netherlands, Denmark, New Zealand, Sweden, Germany, Norway, Switzerland, Australia, and Austria (with Iceland at number 11). Four (Austria, Denmark, Sweden, and Finland) countries are in both lists, five if you count Iceland. In the top twenty, you find more cross over with Germany, Norway, France, Belgium, and Luxembourg. Ten of the top twenty property rights protectors are also in the top twenty least unequal societies. What about the bottom twenty? Well, there are only three crossovers (Bolivia, Zimbabwe, and Paraguay), but it is worth noting that data was not collected in the IPRI for some of the very poor countries that are at the bottom of the inequality index. (Sierra Leone, Central African Republic, Lesotho, Namibia, Haiti, and Papua New Guinea) Missing from the inequality index, but in the IPRI are Angola and Chad. If we exclude these countries, we can add Venezuela and Zambia to the list of poor property rights protectors with high inequality.

At some level these results, as crude as they are, reinforce the idea that good property rights protection and equality are not mutually exclusive by any means, while bad property rights protection is not particularly strongly linked to equality. This should be puzzling for those who posit the property rights protection comes at the price of social inequality and exclusion. It is also important to note that of the top twenty property rights protecting countries, only Hong Kong (No. 19) is in the bottom twenty in inequality (18th from bottom). Only Albania is among the top twenty least unequal countries (11th) and in the bottom 20 in terms of property rights protection (11th from bottom).

There may be some cases where property appropriation is zero-sum or close to zero-sum if the benefits of appropriation for non-appropriators do not make up for the initial deprivation. Indeed, there are societies where the system of exclusionary property does not create the opportunities that it does in other societies. Hernando de Soto refers to these kinds of societies as suffering from “Braudel's Jar”, where a small minority have the resources to profit from the property system and a larger majority is legally excluded by high barriers to entry. Locke is clear in the First Treatise on Government that men have a right on the surplus of their fellow men in times of extreme want or need. This limitation is not inconsistent with the idea that positive-sum systems of appropriation and trade create enormous benefits for non-appropriators and late-comers, it just posits a condition that in order to be worthy of the fullest respect the right to property must actually meet the necessary empirical condition, leaving the non-appropriator or late-appropriator "enough and as good" an opportunity to flourish in fact, not just in theory.

The benefits of capitalist systems of private property are only compensation for this lack of opportunity to appropriate inasmuch as the benefits of prosperity are actually available to latecomers. Appropriations have occurred all over the world, and in societies that have set up positive-sum game property rights schemes, they have yielded tremendous improvements in material conditions. Justifying appropriations to people living in other places seems to require that one make the benefits of prosperity available to all, not just those who we share political institutions with. This could be one interpretation of the phenomenon of colonial thefts discussed earlier. Even a legitimate discovery on the part of a colonist within a system of private property that did not permit the colonized to take advantage of the benefits would not authorize the exclusion from the resource. And in this case, the role for historical and international justice would be central, because the effects of a system of appropriations might not be apparent is for some time.

Ultimately, interpreted in this way Locke's view fits in nicely in a liberal paradigm, where property and opportunity are seen as complementary to one another, rather than as incompatible phenomena. In order to see them as complementary however, one must look at property and opportunity as more than just a function of natural substances. Goods and services are not implicit in natural elements, they need to be discovered and invented. As economist Israel Kirzner puts it succinctly, “The car that emerges from the assembly line was not implicit in the steel and labor power from which it is fashioned.” (Kirzner 1989, p. 13) Private property and exclusion, when properly socially constructed, unleash creative forces that improve opportunities for millions. Accounting for the prosperity of the West, and in particular the relative affluence of the least advantaged in the West, compared to the least advantaged everywhere else in the past and present is impossible if one adheres to the view that exclusion diminishes everyone's opportunities. It is perhaps possible to do so if one has an account of how prosperity in the West is achieved on the back of those in the “rest”. This claim, as I suggested earlier, has its limits.

Making the opportunities generated by private appropriation and exclusion available to foreigners can be met in several ways, or so I imagine. Simple transfers of wealth could satisfy the requirement as suggested by Beitz, Steiner, and Pogge. But so could allowing for greater immigration, relaxing rules that discriminate against foreign ownership of capital, and lowering tariff barriers. Indeed, even without actively trying, systems of private property generate opportunities outside their borders through perfectly self-interested foreign investment and export. If I read Locke correctly, ownership of land or resources is less important than the availability of opportunities. This availability should be more than just a token gesture, but a serious attempt to compensate those who are coercively excluded by property owners and the governments they have created to protect their interests. Yet questions remain. Do countries have an obligation to make sure that the opportunities they create are spread relatively evenly across non-citizens? Everyone is being excluded to some degree, but only some may benefit. In the next chapter, I will explore how a mixed strategy appears to be the optimum solution to this problem. Moreover, though each individual country may not have an obligation to even out the opportunities generated by their property ownership, if opportunities in some areas of the world are not ameliorated, the duties to compensate may become more stringent with respect to them.

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[Chapter IV]

Global Justice and Natural Resources Revisited

It is easier to destroy an edifice than to build one. At the beginning of the Chapter Three, I said I would look to withdraw some of the support beams from arguments that have been advanced in favor of resource based distributive justice. These arguments advanced by Beitz, Pogge, Hayward, Miller, Steiner, Buchanan and others remain impressive for their clarity and depth in trying to determine the rights and duties of resource abundant and resource poor nations. Now I will see if I can construct a plausible edifice, taking into account the strengths of these views and discarding what I take to be the major weaknesses. I cannot accept everyone's basic normative premises, but I can take their concerns seriously and give the best account I can of why certain concerns and interests ought to be given priority over others.

In sum, I shall provide some account of an edifice that relies in turn on its own set of support beams. It seems only fair that I outline a position that I stand behind, such that others may come along and point out the lacunae. Several things seem to me to follow from the analysis set out thus far. These should not come as a surprise. 1) The principle of permanent national sovereignty suffers from serious infirmities and needs to be rethought or abrogated entirely 2) The Lockean Proviso, properly understood, seems to imply more in the way of opportunity provision than distributive transfers 3) The problems of development and poverty relief need to be more clearly distinguished from claims of right and justice. Sufficientarianism seems compatible with both historical justice and 1) and 2). 4) Like the Lockean proviso, the best available theory of compensatory historical justice suggests that most of the time, what is owed to those who have been victims of injustice is opportunity rather than distributive transfers.

[Chapter IV – Part I]

<u>The Principle of Permanent Sovereignty Revisited</u>

"Too often countries do not get the full value of their resources." (Stiglitz, 2007, p. 24) This apparently innocuous statement from Nobel Prize winning economist Joseph Stiglitz contains some fairly strong assumptions about the moral and legal status of natural resources. Two questions really stand out in light of the analysis we have made thus far. What does Stiglitz mean by "the full value" of a resource and why should "countries," from a normative standpoint, be entitled to the full value of the resources that happen to lie within their territories? Stiglitz seems to imply that the resources of a country belong to its people *as a group*.

Stiglitz's assumption is not unsupported. Article 1 of the International Covenant on Civil and Political Rights states:

1. All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.
2. All peoples may, for their own ends, freely dispose of their natural wealth and resources.

This principle is often called the principle of permanent sovereignty over natural resources (PPS). It is so ingrained in the way people approach issues of resource ownership that political theorist Leif Wenar barely feels the need to defend it, “The idea that the natural resources of a country belong to the people of a country is so intuitive that most people will need no proof than its statement.” (Wenar 2008, p. 10) And while there may yet be good reasons to grant sovereignty to a people over its resources, the word “belong” in Wenar's statement suggests something stronger than just sovereignty. It suggests that diamonds mined in the Congo really are “Congolese diamonds” in some meaningful sense. While people may have national identities that are constitutive of their value structures as communitarians suggest, it is unclear why physical substances should be similarly conceived of, at least prior to their discovery.

It makes sense to say to say that the Nile River is an integral part of the history of Egypt and Sudan and that efforts on the part of outsiders to claim the river as their own are obnoxious. On the other hand prior to its discovery, North Sea oil had no special relationship to the people of Britain, Norway, Denmark, Germany, or the Netherlands. Fields happened to be within certain territorial waters, but it is hard to say what kind of claims Norwegian or British citizens could have made on what they did not know about. Once discovered, the people of the countries in question might have a say about what goes on in their territorial waters, but to say that they own that oil both fails to respect the contributions of those who discovered it and relies on an odd idea of the relationship between sovereignty and property more reminiscent of absolutist monarchy or feudalism than democratic capitalism.

There are in fact good reasons to doubt the acuity of our intuitions and the moral validity of international conventions insofar as they legitimate or encourage collective ownership of resource endowments that are found within a country. There are three reasons to question this convention. There are deontological reasons, stemming in part from how resources come into the world that militate against the very principle of national collective ownership. If individuals through hard work, dedication, and a little good luck manage to discover resources that had previously been overlooked, is seems unfair to nationalize what they alone are responsible for bringing into the social world. They provided the requisite inputs that are almost universally recognized as morally significant, even as the exact extent of that significance is debated.

There is also a pragmatic reason, stemming from the literature on the resource curse, to eschew the vocabulary of common ownership or strong sovereignty. Recent research into the resource curse suggests that public ownership of natural resources is an abundant contributor to the resource curse in ways that domestic or even foreign private ownership is not. Even if my first objection does not stand up to scrutiny, and it is appropriate to speak of the nationality of resources as more than just a metaphor, it would still be a bad idea for a nation to decide to adopt collective ownership as the best mechanism for realizing this right.

Finally, when we look at the history of the principle of permanent sovereignty we can see its intent more clearly. Its intent was not to deprive individuals of access to resources, nor was its intent to collectivize the ownership of resources in society *ruat caelum.* Instead, I argue the history of sovereignty over resources is best explained by a desire for independence and the means to realize the promise of development. The resolutions favoring national sovereignty over resources were an outgrowth of the decolonization movement. Newly independent countries sought to protect their development strategies from undue outside pressure and secure easy sources of revenue at a time when regime survival was at stake. I aim to show that from the point of view of establishing a viable development strategy for the state and the economy, private ownership is probably a better strategy and that suitably decentralized private ownership of natural resources does no worse than collective ownership with respect to national independence.

[Part I – Section 1]

A "Natural" Right to Appropriate

In Chapters One and Three, I suggested that the distribution of natural resources across the world, at least the distribution we are aware of, is not usefully described as an arbitrary one. To be sure, it is tainted with expropriations, thefts, degradations, and all manner of injustices. However, this should not stop us from trying to articulate the conditions under which an appropriation would be legitimate. The question of what to do about it is a separate one, given that information about historical injustices is necessarily incomplete. This question is a question about what rights a sovereign state should respect, given that it is relatively free from outside interference.

I want to make the case that there is a right of individual appropriation that states ought to respect. In earlier chapters, I highlighted that the social construction of the value of natural resources occurs both inside and outside the resource producing state. I argued that resource producers free ride to some degree off the demand and technological achievements of industrialized countries. Domestic institutions however, are entitled to some compensation for making resource extraction possible and providing a just framework for individual transacting. The right to appropriate resources is therefore not an unlimited one.

It will be noted that such a right has no real precedent in international human rights jurisprudence, either in foundational texts (that by and large shy away from recognizing the legitimacy of private property) or in its practice by international organizations and NGOs. Why think that it exists or matters? While only Locke and those who recognize special-rights (SR) justifications of private property seem to care about justifying individual appropriation from a "commons" or a situation of "no-ownership," many theorists implicitly seem to recognize something like a principle of legitimate appropriation from "commons-like" spaces. Most recognize the utility of letting people profit from intellectual property in the form of copyrights and patents. Some even elevate failing to recognize these ownership over intellectual property as wrongs. And there is something undeniably wrong with profiting from someone else's creations, just like there is something wrong with taking a physical object that someone else has appropriated. Some will call these rights bourgeois rights with delusions of universality. They certainly do rely on some empirical accounts about the relationship between property and scarcity, independence and flourishing and so on. The account is therefore conditional on the truth of some hypotheses, but no theory of rights can really dispense with hypotheses about how the effects of their enforcement.

The world of ideas is not unlike the physical world. Language is something that we all have access to. Anybody could theoretically write Atlas Shrugged or the Catcher in the Rye, but Rand and Salinger actually did and if someone else tries to pass off even a similar work as their own, they are liable to be sued. In effect, what Rand and Salinger did was remove a more or less specific series of words and ideas from the commons and make it their own. Only those authors have a right to profit from the use of those particular sequences of words. The world of words, it will be said, is different the physical world. No one can acquire property over specific words, just strings of them. In effect, the removal of Atlas Shrugged and Catcher in the Rye does not make words significantly less available to us, and we profit from the artistry of the compositions. I think the difference is probably overstated, however. After all, the enclosure of private property within a certain social context, as I argued last chapter, does not much impede my pursuit of physical property, even as it impedes my access to that particular piece of land. More to the point, it actually creates opportunities that I would not have had, had the property remained in common.

The analogy is even more striking when it comes to ideas and patents. The materials for having ideas are out there (language, mathematics, physics, etc.) available to anyone capable of making use of them, but some bright individuals can fashion something that is only theirs from materials that are out there for everyone. To resist the notion that patents are a mere social convention, it is worth noting that we do not look highly upon those who steal ideas, even when there is no question of patenting it. We do not look very favorably upon those who steal our ideas for Halloween costumes or romantic getaways. We are, however, generally willing to forgive the coincidence if the person came up with the idea on their own. Appropriation from the commons, as long as we add something of ours to the mix, is not a bizarre uncommon idea. Instead, it appears to be a feature of our every day moral experience. The fact that some people are in better positions or are lucky to invent devices, compose works of art, or have ideas does not seem to matter a whole lot. Instead, respect for the values of hard work and creativity seem to matter, as does respect for the sorts of practices that benefit us (pro-sociality). Good ideas, even patented, do not just benefit their originators, any more than enclosures merely benefit the initial appropriator.

If I am right thus far, there is something to suggest that respect for appropriations that were once available to all is a relatively uncontroversial thing, at least in theory. It commands wide respect and seems to be derivative of our concern for respecting other important values like hard work, creativity, and social benefit. The broad claim is that individuals have right to seek to survive and prosper on land that is *res nullius*, that is to say, land that has not yet been claimed in the right sort of way by public or private entities. I want to forestall the immediate objection that this precludes efforts at conservation. Doing nothing may well be a wonderful use of virgin land, but I want to say that absent strong countervailing reasons, individuals do have a right to appropriate natural resources. This is not merely a permission, anymore than respect for intellectual property is merely a permission.

The argument is rather simple. Inasmuch as individuals have the right to survive and flourish, they have a right to appropriate the means to do so from any part of the world where no particular antecedent (legitimate) claim has been made or contract on a voluntary basis with others so that they may pursue these same ends. This right is an extension of the right to life, liberty, and the pursuit of happiness embedded in most major statements of human rights. At the very minimum, individuals must not be impeded from seeking out a good life for themselves. Some constitutions go further in their guarantees of some minimum success in these pursuits. However, that much is not needed for the success of this argument. If individuals are to be able to seek out a good life for themselves, it implies at the very least that no one stand in their way when the means are present. Sometimes, those means will be natural resources.

This argument is fully compatible with private property in the sense that property claims are a means of protecting that right even as property excludes others from the enjoyment of what they could otherwise enjoy. It might be argued that a right to acquisition actually implies a right to take any "products of nature" regardless of any prior acquisition. I don't think this view can be sustained. As I argue in chapter three, systems of property properly configured are opportunity producing, not opportunity constraining. What the right to acquire private property really amounts to is a right to a certain amount of opportunity in life; at minimum an opportunity equivalent to the opportunities those who initially appropriated private property had available.

One can argue about where exactly that baseline is. One might also wonder why not make the baseline the opportunity that current property owners faced or index the baseline to some basket of goods that would fulfill a specific set of human interests or needs. Setting the baseline at the opportunities initial acquirers faced is the consequence of respecting the legitimate claims of those who have already established claims[24]. When no legitimate claims are established, then we have a situation of initial acquisition once more. This rule about respecting prior (legitimate) claims also has the advantage of not making newcomers a threat (Schmidtz, 2008) and transferring resources from rent seeking into hopefully productive activity. Under favorable conditions, this approach to acquisition in fact increases the opportunities to appropriate over and above alternate systems.

Under a system where things are left in common or where things are held in public trust, there would be in fact a lot less to acquire, both qualitatively and quantitatively. There would be fewer conceptions of the good life available to pursue and fewer means to pursue them. This is simply a function of how individuals as they currently are (and as they appear to mostly always have been) respond to incentives. What one can profit from, one takes care of and grows. If one can successfully argue that there are other ways to generate positive sum cooperation without resorting to individual exclusion of the sort entailed by private property rights in the means of production then these methods would also fulfill the right in question. The right to minimal opportunity leaves open the possibility that other institutional arrangements can successfully improve opportunities available to keep pace with increasing population.

Unlike defenses of private property that rely on the good of property ownership, this SR account doesn't guarantee much, except that those who do not succeed in appropriating natural resources should not find themselves worse off than they would have been prior to the acquisition. I find the "thinner" SR model more attractive because it provides a means of satisfying the human right to opportunity that also happens to satisfy other important human

24 This includes respecting their wishes about who gets to inherit their claims.

needs and values: like self-reliance and self-respect. It is certainly good to own property, but it is also good for this ownership to come about in a way that respects the liberty of all current owners as well as their contributions to the value of their property. If one can do this and weaken property rights at the same time, then one would have to concede that this would be acceptable.

Obviously, possessors of property who feel like their property could be taken away at a moment's notice do not have much incentive to preserve and grow what they have. This is common sense and explains why insecure rulers are more predatory than secure ones, among other things. Furthermore, property not legitimately acquired is often not treated the same way as property well-deserved. Particularly if one has acquired property in contempt of the claims others may have had, it is unclear why one would treat it well. In addition, awareness of the insecurity of one's possessions, either because of legal repercussions or similarly thieving peer groups, would seem to cause over-consumption and low investment in its future. Of course, the account of legitimacy is entirely subjective, but there seems to be some support for the idea that people treat found money, gambling winnings, windfall gains, and so on, with less care than what they have worked to gain. Of course, if careful stewardship and self-respect can be achieved through theft, handouts, or centrally coordinated arrangements then there is less reason to endorse individual acquisition as the best way to realize the right to an opportunity in life. If people feel like they are entitled to distributive transfers for one reason or another, then perhaps this argument loses some traction. What people feel is an empirical question completely independent of what philosophers think they ought to feel.

If it can prove self-sustaining, individual acquisition also provides the basis for a system that checks the accumulation of political and economic power in a way that central distributions of wealth and opportunities do not. This may seem counterintuitive, because many believe that only a concentration of political power can check economic power, but open competition is also a powerful check to political power as well as some forms of economic power. This is broadly true as long as the processes of open competition are not politically captured by what would otherwise be its momentary victors. In particular, it turns out a defense of market arrangements is aided by the egalitarian role played by luck in limiting the economic power of entrenched interests. This is a somewhat uncommon insight, since markets are usually defended on behalf of their quasi-meritocratic characteristics. Luck and meritocracy defenses are not completely incompatible, however. There is nothing particularly contradictory in saying that markets are a form of social organization where talent and luck play a strong role. It just turns out luck is actually much more important than many realize in limiting social stratification in a market society.

For example, consider a phenomenon like Amazon.com, a book retailer that does not need to stock the books it sells. If you write a book, and publish it yourself at low cost, there is almost no chance a physical book seller with 5,000 titles in stock will carry your masterpiece. Even if it does, assuming it does not sell well at first, your book will quickly be off the shelves. However, if you can self-publish and have a page on Amazon, your book can stick around until perhaps a time where it will become part of a fad, out of pure luck. Maybe some celebrity picks it up and mentions it in an interview and suddenly you sell a few hundred thousand copies in a few months. An open market place with low barriers to entry provides countless opportunities to be lucky and the more so the larger the market. This is the story of many designers and clothes manufacturers. They survive for a long time in obscurity, catering to niche markets until their style is lucky enough to go mainstream for a while. Norwegian parka manufacturer Helly Hansen was obscure until L.L Cool J was seen wearing A Helly Hansen jacket in a video on MTV in the late 90’s, and suddenly they were a fad no one could get enough of. If the state seeks to guarantee the career paths of promising designers through a set number of established companies through wage regulations and licensing, the already powerful and well connected have every opportunity to control the opportunities offered and the Helly Hansens of the world never get an opportunity to be lucky. From taxi cab medallions to medical licensing, to the FDA and baseball’s anti-trust exemption, rules that ensure stability and predictability also tend to advantage the current players in the market and thus encourage social stratification and perhaps over time, a sense of entitlement to certain streams of income or rents.

Far from invalidating the resulting distributions of income, luck contributes to making the distribution of opportunities more egalitarian when they otherwise might be controlled by the rich and powerful. For example, the reason why oligopoly is not usually self-sustaining in an open competition model has less to do with the inevitable sclerosis of large enterprises and more to do with luck. If market success were predictable, large companies would always anticipate changes in tastes or technology and buy out up and coming competitors. If this view is correct, luck is not something to always be corrected for but instead fostered so as to help check the concentrations of economic power that threaten any regime that values freedom. Luck is generally no friend of establishments. The unexpected is one of the few things the rich and powerful have to worry about.

It could be argued that in fact it is not luck that is driving the market success of the world's Helly Hansens, but their skill. It just takes a while for the ignorant public to catch on. What would be better is if the state could train some people to recognize talent and promote it. On this view the market is just an imperfect meritocracy. This view treats knowledge in a problematic way, however. Just like theorists of resources assume that a fixed number of production potentialities are embedded in natural resources, this view assumes that there is something superior about Helly Hansen jackets ex-ante, prior to their exposure on MTV. The market process is usually the one to decide who the winners and losers are, or in this case what is cool to wear and what is not. "Skill" is not an obvious property of any market participant. Indeed, many people don't find Helly Hansen parkas all that cool, particularly given the kind of people who latch on to fads. The Norwegian company was lucky, was entitled to be lucky, and in the process prevented the already established fashion companies from further controlling the distribution of opportunities in that industry. If we let a bureaucracy or current market leaders decide what counts as skill and give their voices a determinative say in the matter, then we have entrenched an oligarchy of taste (in this case) where what it currently means to have "skill" is given priority over all possible competing definitions that have yet to emerge or that would have resurfaced in a competitive market process.

Paradoxically, the quest to make society more luck-proof (secure and predictable) tends to entrench established interests, which is particularly problematic when the established interests are corrupt or ill-intentioned. And we probably always have reasons to be suspicious of the intentions of the powerful and influential, no matter their declared intentions. The ideal of meritocracy and equal opportunity where status and income are always earned and justifiable to an impartial observer is largely incompatible with some of the major positive features of free markets: checking power, fostering discovery, innovation, experimentation, and adaptability.

An analogy could be helpful here. Texas Hold'em poker is widely recognized as a game of skill, even though in any given hand or short time span, the worst of players can beat the best. Baseball is this way too. Even the worst Major League team can beat the Yankees two or three times out of every ten games. This makes baseball and poker interesting (not to everyone of course) because it means the little guy has a shot, even if it's not a very good one. If the

Yankees could change the rules of baseball to make it more of a skills-based game or if Phil Ivey could make so much money so as to change the game of poker to make his profits more predictable, the games would be both less fair and less fun. People would stop playing and watching. Because every once in a while the Rockies get to the World Series of Baseball and Jamie Gold wins the World Series of Poker and millions of amateurs hone their skills at home or in the minor leagues hoping that they too one day get a chance to be lucky. If the rules were such that they never could, they would probably switch games or try less hard to be the best they could or discover some new play or batting stance that would transform them from journeyman minor leaguer to useful major leaguer. Every so often there are calls to make poker tournaments more skills based (by deepening the blinds structure or increasing the number of chips in play), but these are controversial because they bias a skills based game further in favor of the skilled and that does not necessarily “improve” the game. In society, predictability of results advantages the already advantaged, regardless of how they got there. The unpredictability of markets frustrates experts and policy-makers as well as meritocratic defenders of market society. Making society more luck proof overall would not necessarily improve it, even though there may be certain kinds of specific forms of insecurity that we should collectively guard against.

In the case of natural resources, retaining most of the profits of a lucky discovery can be justified if it occurs within a system of social cooperation where luck plays a socially valuable destabilizing function.

Of course, there is need for a balance. Luck's egalitarian and anti-establishment properties can be outweighed by other concerns. No one wants Texas Hold'em to become a game of roulette with the odds stacked firmly in the house's favor and no one wants major league baseball rosters to be constructed via a lottery. Skill matters too, not least because we want a well-played game where skilled people are on average rewarded for their efforts and talents. History and experience can also provide evidence however that too much predictability is boring for games and exploitable in politics. I hope to have convinced the reader that while too much luck is probably a bad thing, rather than being an embarrassment, luck is an important instrumental component in justifying a market order. Discoveries and serendipitous insights should not be treated as suspicious aberrations, but should be respected as integral parts of a just social order. If I am right, the right to opportunity is partly a right to get lucky and profit from it. Of course the unpleasant converse of this is that we will have to accept egregious misfortune with some degree of equanimity. Misfortune is only injustice if one believes the Gods are conspiring against us.

Once luck is no longer immediately an objection, the (not unlimited) right to profit from one's discoveries would seem to entail a prima facie right to appropriate natural resources, at least where there are no compensating opportunities forthcoming from other sectors of the economy and this may be true even if others, especially the state and large private concerns, have already "claimed" these resources. If there are no other reasonable prospects for flourishing in an economy, there is no reason to prohibit individuals from pursuing the means to realize their reasonable conceptions of the good life. I think this favors more open immigration, as I will argue anon. I also believe this prevents governments in developing countries from hoarding access to natural resources when this hoarding effectively prevents individuals within the country (and outside) from pursuing reasonable conceptions of the good life. Under authoritarian regimes or illiberal and uncompetitive democracies, the collective pressure on the government to behave in the public interest is insufficient.

It will be immediately noted that in today's world individuals are rarely able to seek out their fortunes on their own like the 49ers in California. Large capital and infrastructure investments are necessary to make mineral and hydrocarbon exploitation profitable. If this is an individual right, it need not protect corporations and other capitalist legal fictions. I broadly agree, but note that the right argued for here is not a right to resources per se as much as a right to a certain kind of opportunity. If companies provide that opportunity through large investments of capital, then this may be the best way to realize that opportunity. If the best way is through state owned enterprises, then that is also acceptable. As I suggest in chapter two, the evidence from state owned companies in the developing world is not compelling.

No individual right implies any particular institution to realize it, even if some appear more likely to protect the right than others. Moreover, it is also worth noting that the institution that is designed to realize a right is not more privileged than the one that was not designed to do so, but nonetheless realizes it in fact. What matters is that rights be realized, not that the world be full of people, plans, and organizations with good intentions. If those good intentions fail to realize their objective more efficiently or reliably than a world that is less well intentioned, then we have no reason to prefer good intentions. The developing world (and the developed world) is full of examples of very poorly performing institutions that claim to promote an end but lack the resources or the incentive structures to make that intention a reality. And history is littered with examples of individuals using noble goals as a cover for dominion or personal enrichment. Conversely, markets, adversarial court rooms, and even competitive electoral politics are examples of institutions that use motivational dispositions that have nothing to do with the purposes of the system, in order to realize certain rights, ends, and values that would (perhaps) be less well realized by alternative arrangements. They turn greed and self-interest into the public interest using the rationale that it is probably less costly to deal with people as they are than to try and change them.

Even under conditions of scarcity of opportunity, governments should not necessarily block individuals from appropriating natural resources by claiming direct ownership, as long as there is reasonable hope for an increase in opportunity in the not too distant future. As I tried to show in chapter two and three, property does not have to be limited by scarcity, but instead property can be the answer to scarcity. There are probably exceptions to this principle, where private ownership is not realistically feasible, but by their very nature exceptions are not the norm. Certainly where private property is used to monopolize access to scarce goods, it is difficult to justify even by the most libertarian criteria. (Nozick, 1973)

The problem of course is that unlike almost all other opportunities a government can make available to individuals, the right to appropriate resources (or opportunities derived from resources) does not seem to advantage most citizens over foreigners. Usually, foreigners are prevented from taking advantage of opportunities in an economy because they face language barriers, lack of access to relevant social networks, lack of local knowledge, lack of credentials or certification, and so on. In the case of natural resources, relative to the potential profits, these barriers are not high for foreign investors. In some cases the foreign company has far better relevant local knowledge than the citizen. This insecurity drives many governments to declare all valuable resources the government's property to dispense as it sees fit. Frequently, only the government has the knowledge, information, and skill to bargain with foreign companies. This is the argument Sachs, Stiglitz, and Humphreys emphasize when rejecting domestic private ownership as a suitable development strategy. And this argument is probably correct if one does not consider the effects of ownership structure on state development mentioned in chapter two.

The view I advance respects the intuition and conviction that most cosmopolitans have that the existence of any physical substance inside a sovereign nation is morally arbitrary, in the sense that prior to being known no one has a stronger claim to them than anyone else. It also acknowledges relatively widespread intuition that once they become resources, these physical substances are no longer located in a morally arbitrary fashion. Their distribution reflects both arbitrary and non-arbitrary features of our world. It also respects a view of individuals as agents capable of transforming their world (and taking credit for their successes as well as blame for their failures) rather than merely being subject to its vagaries.

A right to appropriate strikes a balance between concerns for sovereignty and collective arrangements of local space according to the wishes of those who live them and the claims of those who might otherwise be excluded from pursuing their conceptions of the good life by these very same domestic arrangements. The manner in which land and other resources are managed and regulated is a proper matter of domestic concern. There are many ways of specifying domestic property regimes and respecting the rights to appropriation of citizens and outsiders. The right to appropriate is not a highly specific right. It excludes highly restrictive arrangements but otherwise it may be quite permissive. In any event, it does not suffice to specify the whole range of rights individuals have. It merely asks to take its place alongside other rights, as one of the rights that helps ensure the legitimacy of domestic property arrangements. Respecting that right defends those same arrangements from the concern that domestic institutions unjustifiably advantage citizens at the expense of outsiders (or state officials at the expense of citizens), rather than simply advantaging citizens and leaving outsiders no worse off. A Lockean view might say that the right to appropriate is one way to satisfy the proviso: the existence of domestic institutions does not make outsiders any worse off than they otherwise would have been. A compensatory historical view of global justice might say that making domestic opportunities available to foreigners could help make up for the opportunities that individuals were once deprived of by the same state some time in the past.

This right does not preclude the possibility that the state could be justified in helping its citizens acquire the skills or knowledge that would enable them to appropriate on a more equal footing with better funded outsiders. This would, in Rawlsian parlance, help equalize the "worth of their liberties". Perhaps rules subjecting sales agreements of natural resources to a relatively demanding test of knowledge on the part of the seller could be legitimate. In any event, the right is not conceived of as being especially onerous, though it may require more of some countries than they are currently willing to do. I will address this right more in depth when I speak of immigration as being particularly appropriate to satisfying the Lockean proviso.

[Part I, Section 2]

Public Ownership as "Public Bad"

There are many arguments against public ownership and all of them apply equally to natural resources as they do to other sectors of the economy. As documented in Chapter Two, the consensus is that as a rule public ownership dulls incentives, diminishes competition and efficiency, reduces transparency, provides opportunities for corruption and nepotism, inflates the cost of output while diminishing its quality, and generally stifles creativity and innovation. In developing countries, where public ownership of the resource sector can generate almost the entirety of the government's budget, there are both extra benefits and extra costs to public ownership.

On the benefits side, public ownership can help the seller's bargaining position relative to potential partners. The government is usually in a position to develop the resource itself, if it so chooses, and generally has better access to credit than the range of potential domestic private owners. Public ownership also can help solve information asymmetries that would otherwise prevent domestic private owners from getting more for their resources. (Humphreys et. al., 2007)

It is also often supposed that direct access to revenues makes it easier for the government to advance its development goals and equity enhancing programs. By keeping control over revenue streams, the government can make sure it participates in possible revenue windfalls occasioned by price booms, instead of having those profits flow into private (and potentially destabilizing) hands.

On the extra cost side, relative to other forms of public ownership, public ownership of resources tends to be a large fraction of public revenue, and as such, it often can adversely influence the development of the state. (Karl, 1997; Schafer, 1994; Weinthal and Jones-Luong, 2006) By removing the focus from the rest of the private sector and by providing no incentive to build revenue extraction institutions capable of monitoring it, the resource rich state has acquired a name of its own: the rentier state. (Mahdavy 1970; Chaudhry 1994; Ross, 1999)

One problem with public ownership is lack of transparency. There is almost always an incentive for the state company managers and state officials to enrich themselves at the expense of the public. This requires an opaque fiscal environment. This situation, as Jeffrey Sachs points out, can be modeled by a principle/agent relationship characterized by asymmetric information (Humphreys et. al., 2007). The people have very little ability to understand or monitor the activities of their agents in government. Their individual incentive to learn is also quite low. They do not know what the payoffs of their attempts might be and are probably afraid of what would happen to them if they found out.

Another key problem identified by Pauline Jones-Luong and Erika Weinthal is that public ownership fosters an ambiguous relationship between bureaucrats, managers of state-owned companies, and politicians. In particular, this reinforces the importance of personal relationships, because any illicit agreement in an opaque fiscal environment has a hard time finding an enforcer. Decisions about resource extraction and distribution are at best politicized and at worst personalized. While cumbersome bureaucratic procedure is not ideal, personal whim is arguably worse for the political development of a strong state.

As we already noted in Chapter Two, a culture that rewards personal ties over achievement is unlikely to promote incentives for hard work. Indeed, it is likely to promote an unhealthy struggle for influence instead of a healthy competition for results. Moreover, the existence of a large centralized pool of revenue that in theory at least is owned on behalf of citizens creates demands and expectations of largesse, which further dulls the individual citizen's incentive to seek revenue from other sectors of the economy. Patronage and favor are the rational avenues to success, narrow as they are.

Governments also have every incentive to increase the opacity of public spending, when they have already siphoned off a large share of the revenues. Large construction projects are an ideal avenue for hiding corruption and finding excuses for poor performance. (For examples, see Ascher, 1999) They provide avenues for patronage and increasing political support and control over the population. Because both state-owned enterprises and large public works projects are symbols of national pride, they also tend to face soft budget constraints, which further blunts the incentive to work hard and economize.

The benefits of state owned enterprises can be exaggerated. While it is true that contracts with firms can prevent governments from taking part in windfall revenues, fixed royalties can also insulate governments from the risks of volatility. The lack of upside is made up for by a lack of downside. It is possible to negotiate contracts that pay a minimum no matter what, but only in the most attractive of cases. While governments may sometimes have a better idea of what resources are worth than private parties, this is not always the case. Moreover, overconfidence on the part of governments can be just as devastating as ignorance. While profit-sharing has its share of drawbacks, the success of more sophisticated contracts is often predicated on the strength of institutions that are weak and ineffective at best, corrupt and predatory at worst. For example, public sector institutions in weak states are unlikely to be very good at transforming resource revenue into public goods. The same corruption, lack of accountability, low skills, and low incentives to perform that make us leery of public sector ownership of the resource sector, should also give us pause when considering public spending of these revenues by weak states. Even in relatively successful states, public projects provide opportunities for corruption and sales of influence.

The drawbacks of domestic private ownership are significant as Humphreys, Stiglitz, and Sachs point out. Domestic private companies do not have the technical skill to exploit resources on their own nor do they have the access to credit markets necessary to acquire this skill. This forces them into partnerships with multinationals that puts them at a severe bargaining disadvantage. A series of domestic companies, on average, are expected to get less for their resources, than a single state-owned enterprise.

Domestic companies do not have the information gathering capabilities of a centralized state either, nor do they generally have the means of gathering technical expertise in mining, law, or finance. If anyone has these skills, they are generally sponsored by the country’s only significant source of capital: the government. If private persons have acquired any of these skills, they frequently work abroad with the very foreign companies seeking to exploit the developing country’s resources.

Domestic companies do not as a rule permit the same theoretical level of redistribution. They operate for profit, hopefully in a competitive environment domestically, but definitely in a competitive environment internationally where confiscatory taxation is a serious liability and a threat to the viability of the enterprise. While efficiency gains may be realized at home, the country as a whole does not necessarily benefit very much if profits are invested abroad. Distributional objectives, both benign as well as patronage-oriented, are generally more feasible through state-ownership. However, expectations for a share of the resource are a double edge sword. When weak and ineffective states are saddled with high expectation they can risk losing legitimacy and credibility as they inevitably fail to deliver. Moreover, rent seeking becomes far more rational and easy to rationalize if the government is known to have a large source of revenue it owns “on behalf of the people.”

Even if the ruling elite can somehow find it in its interest to privatize natural resources, the process of privatization is still open to abuse. It is very different to say that it would have been better, all in all, had resources been open to individual appropriation and saying that given a history of public ownership by default and/or usurpation of natural resources, privatization provides a better option going forward. Arguably, the kind of government capable or organizing an honest privatization should also be capable of administering a state owned enterprise relatively efficiently. As evidence from the nomenklatura privatizations in Russia and Eastern Europe suggests, all privatization is not created equal. When politicians merely make officially private what was previously their unofficial private playground, little is gained, particularly if they remain in office or retain strong personal ties to bureaucrats and leaders. The change in incentives and interests that would make the privatization beneficial from the point of view of efficiency and state building will be slow to occur if it occurs at all. Protection from distributive obligations can be bought and the public can be worse off than before, since at least beforehand bureaucrats could not hide behind the veneer of private property to protect themselves from distributional demands.

The promise of privatization is to create a sharp wedge between the interests of those who have acquired the resources and the government. If they remain for all practical intents and purposes in bed with one another, the effort is for naught. If the government finds itself with the need to create monitoring agencies capable of keeping an eye on private companies, previously opaque bookkeeping will become more transparent, making tax fraud more difficult. This need for transparency is considered so important that multiple NGOs like Publish What You Pay, Global Witness, and Revenue Watch Institute have sprung up to campaign for it. In a transparent environment, formal taxation will become a necessity and the need to make the principles of taxation explicit for both business and citizen becomes more imperative. When data on resource contracts are available for public scrutiny, governments can be accountable for their actions, both to citizens and NGOs acting on their behalf.

So we are brought to the conclusion that while it seems that a regime of relatively easy titling of private appropriations over natural resources would probably have been better for development and would be beneficial if implemented today over lands that have not yet been claimed for exploitation, it does not necessarily follow that privatization of state-owned enterprises is always desirable. Productive privatization is not just about changing the name on the deed, it is about creating the conditions for competition and establishing a specific kind of relationship between the state and private business, one where interests diverge sufficiently to avoid joint predation of the public, but also align sufficiently to avoid political instability or revolution.

[Part I, Section 3]

Remaining True to the History of the PPS

The existence of some natural right to appropriate and skepticism about the desirability of public ownership are not by themselves sufficient to argue for rescinding a popular principle that many regard as essential to preserving the autonomy of many developing world governments. However, when one looks at the history of the principle, I think it becomes clear that its goals are in fact compatible with robust private ownership of natural resources. While the principle has licensed public control over natural resources in the past and appears on its face to continue to do so, a reading of its intents and purposes need not support this interpretation.

National sovereignty in the modern sense of the word is a relatively recent phenomenon, and the principle of collective sovereignty over resources is an even more recent notion. History suggests that both states and private persons, insofar as such categories are distinguishable in various epochs, have always owned and exploited natural resources. The ancient Roman geographer Strabo refers to the privately owned mines at New Carthage for example, as well as publicly owned ones in what is now modern day Spain.

At the UN level, the principle is first articulated in resolution 523 (VI) of January 1952. It was restated in resolution 1803 (XVII) of December 1962, resolution 2158 (XXI) of November 1966, and incorporated into the Charter of Economic Rights and Duties of States in December 1974. The principle was a response to worries from resource-rich developing countries that they would be unable to experience economic growth or exercise the independence guaranteed to them under the UN Charter if they were bound to debts and unfavorable contracts either left over from a colonial era or the products of unfavorable bargaining conditions immediately following independence. The PPS is an outgrowth of these twin concerns, independence and development. Domestic private ownership is at least as supportive of these goals as public ownership, if not more so.

According to the dominant legal interpretation, we are to understand the principle of permanent sovereignty over natural resources as a test of how legal arrangements are to be evaluated. To be compatible with the principle, the arrangement must be: (1) be in the interest of national development or well-being of the state concerned, (2) be in accordance with the national legislation in force, and (3) be freely entered into (Hossein, 1984). On its face, none of these elements of the test requires public ownership of natural resources or even public “sale” of extraction rights over unoccupied and unused land. Under a regime of private appropriation, agreements reached between private parties would simply have to meet this test. We can note in passing that the arrangement need not maximize the interests of the state concerned. They must only be voluntary and in accordance with current legislation: this prevents agreements entered into by states from changing existing law and thus prevents foreign companies from interfering in domestic legislative processes.

Cynics might claim it is more than just a thirst for national emancipation and economic development that spur newly formed regimes to try to secure stable and abundant sources of revenue. Whether it be the drive to stay in power or the desire for personal enrichment, leaders of the developing world have every incentive to dress up ownership in the language of sovereignty in order to line their pockets. Inasmuch as the principle enables the rectification of arrangements that had been entered into under objectionable circumstances however, it provides some measure of justice, and inasmuch as public ownership was truly thought to be a road to international emancipation and development, it seemed to provide the necessary means to realizing a legitimate end. One need not be a cynic to come to the conclusion that the meaning of the PPS needs to be revised.

As we have already alluded to, two major concerns played a role in formulating a principle of strong sovereignty rights over natural resources. The first was economic development and the second was independence from interference on the part of former colonial powers. The two were seen as linked in the sense that it was believed that interference and exploitation were major reasons for underdevelopment. However, if we discover that collective ownership promotes underdevelopment rather than development, then I believe we should interpret the principle in light of this. If we do not think this principle can be divorced from its statist interpretation, it may simply need to be abrogated or altered. Furthermore, if the goals of independence and development come into conflict, that is to say if the promotion of one tends to hamper the pursuit of the other, it is my contention that we should allow citizens to have more than a superficial choice in the matter. If collective independence and self-determination are an important value (and they are), they should not be confused with state autonomy, particularly autonomy from society. This particular way of securing national autonomy with respect to foreign nations tended to have the unfortunate side-effect of helping to insulating the government from the wishes of the vast majority of its people and promoting competition for rents (chapter two). It should at least be a meaningful collective choice on the part of the citizens of developing countries whether they would rather be poor and proud or wealthier and more interdependent with the rest of the world[25].

We cannot talk about post-colonial politics without talking about Marxist ideology, import substitution industrialization strategies (ISI), and Cold War politics. Marxism provided excellent ideological cover for those who saw an opportunity for personal or political gain in nationalization. Whether it was Mobutu or Amin, Khaddafi or Toure, dictators peddled domestic oppression and personality cults under the guise of national and economic emancipation. Sovereignty, on this view, is what gave international legal cover to crimes that appalled almost everyone regardless of ideological affiliation. To be fair, these dictatorships had little in common with socialist ideals, resembling right wing

25 Obviously there could be some mix of strategies as well.

dictatorships more closely than East Germany. While socialist dictatorships in Eastern Europe could perhaps find justification in the improvement of the standard of living of their populations, state ownership in developing states rarely served the interests of the general population on whose behalf these resources were ostensibly exploited. In this regard, the Congo is not an anomaly; foreign exploitation was replaced by domestic exploitation.

Because Marxism supports state ownership of the means of production, Marxists have no reason to draw a strong distinction between sovereignty and ownership. State sovereignty guarantees the right to state ownership. At one time, this was convenient for aspiring leaders in the developing world. However, in capitalist regimes, state sovereignty does not imply state ownership. It implies regulation of private ownership, including rules about acquisition and transfer. From a socialist or communist perspective, endorsing sovereignty over resources simply means endorsing public national ownership of resources. It is no accident then, that Marxist rhetoric was a handy tool of the leaders of resource-rich developing states.

Now that Marxist development strategies have been more or less discredited, public ownership persists within states that have abandoned Marxism as an official development strategy, grounded in the principle of national sovereignty over resources. Yet if this principle was designed to aid development and not to enrich a ruling clique, then we should interpret it today using its capitalist interpretation - or in any event the interpretation that is most conducive to national economic development. On that reading, the evidence seems to point away from public ownership, if at all practicable. It was not unreasonable for the Congo to worry about continued Belgian influence through its mining companies (like Union Miniere). Indeed, Union Miniere supported civil war in the form of the Katangese secession. Domestic public ownership was not the solution, however. Sufficient state autonomy could have been maintained had the large company's assets been broken up into smaller companies and had the government insisted on a minority stake in the private companies that resulted. Perhaps a strategy of granting concessions to companies from different countries could have also helped minimize the political influence of any one country or company. State autonomy does not need to be realized specifically through state ownership of natural resources. Indeed, the evidence pointed to by Jones-Luong suggests that the state can build its capacities better through regulation of private business than administration of public companies.

There is another historical logic to the public ownership interpretation of UN declarations on the subject of resource sovereignty. Within the communist bloc, talk of strong state sovereignty was a tool to prevent socialist countries from turning capitalist, and socialist leaning unaligned developing countries from being induced toward capitalism. (Though it was not apparently intended to stop the Soviet Union from interfering in the internal affairs of its Eastern European neighbors.) In the context of the cold war, strong sovereignty was a way of consolidating gains that had already been made by each side. Overt interference could have risked turning a cold war into a hot one. In a post cold war international environment, one where state sovereignty is increasingly eroded by an ever expanding UN human rights regime, talk of resource sovereignty loses some of its historical security logic. Today, a change of national economic policy in Azerbaijan or the DRC is unlikely to provide a reason for escalation between superpowers.

There is certainly a tension between private ownership, particularly private foreign ownership, and state sovereignty viewed as a kind of positive freedom. This view of sovereignty is associated with a view of the state as having a wide variety of low-cost policy choices, particularly when it comes to promoting redistribution. This view of sovereignty however has been on the wane, globalization playing a major part in the explanation as to why. Declines in relative prices have put pressure on economies because transaction costs associated with transport and information used to provide a kind of natural buffer for domestic enterprises. Today, the costs of not doing business abroad have risen sharply, regardless of the tariff barriers in place. The costs of imposing tariffs or providing subsidies to domestic industries have consequently risen relative to what they had been before. This has caused a lot of comment and generally provoked the feeling among government officials that their range of policy choices had been curtailed.

While the range of economic strategies individual countries can profitably pursue in an environment where the relative costs of trade are lower have narrowed (and the relative costs of autarky have consequently increased), this does not necessarily imply that foreigners have control over one's economic policy, even if one's country is small and resource dependent. Absent evidence of global conspiracies, countries can still be free in the negative sense of national self-determination (no power is dictating or interfering with their economic policy) even if their positive freedom (their number of choices) has diminished. One of the great misunderstandings about globalization is that it has been encouragement on the part of capitalist countries in the context of the GATT or WTO negotiations to lower tariff barriers that have caused governments to lose some of their policy maneuvering room. Even if no one had been pushing for the elimination of tariff barriers, the cost of not trading would still have risen due to improvements in transportation and information technologies. The only thing developed capitalist countries could have been accused of is not imposing export tariffs on their businesses for the sake of those countries wishing to pursue policy options rendered prohibitive by globalization. Very few believe that, regardless of one's preferred mix of economic and welfare policies, any democratic country should have to subsidize another's economic policy choices through export restraints, even though nothing a priori would exclude this sort of thing from the agenda of global justice.

The key question for national self-determination in the negative sense is whether any agent can be blamed for this higher price. I would answer in the negative. Despite the ambivalence of most people about the phenomenon of globalization, the fact that some positive freedom has been lost does not mean countries should not take advantage of this era of interdependence. Ultimately, while positive freedom as a property of the state or nation may be on the wane, what matters is that the positive freedom of individuals is enhanced and there is no evidence that that is decreasing, quite the contrary and particularly in developing countries. If economic growth and its attendant increase in positive freedom is to happen, it is more likely to happen in a country with a robust private sector and strong government rather than one with public ownership of natural resources and an overdeveloped public sector.

[Part I, Section 4]

Conclusion

The declarations of state sovereignty over natural resources are a product of a particular time and place. While they have been taken to imply public ownership of natural resources or at the very least active state involvement in the resource sector on behalf of the public, they need not be taken that way if we think their purpose was to reinforce national independence and promote development. There is little reason anymore to think that public ownership satisfies either of these two requirements better than private ownership, though perhaps it made sense at one time.

Declarations to the effect that resources within a country should be used for the improvement of the citizenry as a whole should not lead us to assume that this needs to be done directly or that resource policy is any different than other public policy areas in that regard: all policies of a country should be conducive to the improvement of the citizenry26. If the question then becomes, “How should this be done?” then I would answer, “by allowing private citizens and foreign nationals to appropriate resources within a general framework that ensures the stability and prosperity of the country’s citizens.” Even if there is a reason to believe that a state has authority to make general laws about the acquisition and use of resources within its borders, there is no reason to think that the people as a group in any concrete sense own those resources or have a title to anything like the entire profit derived from them. The value of the resource is not generally created in the resource exporting country and few domestic nationals can claim to have done anything that would meaningfully tie them to these resources27. While they have inalienable rights to life, liberty, and the pursuit of happiness, it is difficult to see why citizens as a group would have any deep ownership rights to the particular plot of land their nation found themselves defending. They might plausibly have claims with respect to the types of activities that go on in that land and they certainly have general human rights based claims to having certain needs met. However, there is no reason to think that direct state exploitation of natural resources should be the means preferred when it comes to satisfying those basic claims. The fact that natural process have deposited substances underfoot is morally arbitrary, as

26 G.A. Res 1803 (XVII), 17 U.N. GAOR Supp. (No.17) at 15, U.N. Doc. A/5217 (1962) says: “The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned.”

27 This should in no way be taken to disparage the claims of those who did provide the requisite inputs to

almost everyone agrees, while the effectiveness of public ownership in the context of the developing state is at best extremely contentious.

[Chapter IV – Part II]

Resource Inequalities and the Right to Enter

Liberals frequently acknowledge a right to exit. Individuals have a right not to be coerced into staying in associations, companies, marriages, organizations, and even their country of birth. However, this right is not usually taken to also guarantee a right to enter any particular association, company, marriage, or country. As many have pointed out a state is not an association, or at least not like other associations. Some might say it is the kind of entity that guarantees a scheme of background justice that legitimizes the exclusions permitted by other associations contained with it. Nonetheless, states also exclude outsiders from their territory, sometimes zealously. What justifies this? In this section, I argue that there is a right of entry including for the purposes of settlement that states ought to respect, though it is by no means an indefeasible one. Moreover, the arbitrary location of physical substances under the earth combined with the reading of the Lockean proviso I just articulated provides a solid basis for this right. Compensation for historical injustices might also lean this way.

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stake a claim to natural resources.

On any account but the most ascetic one, free movement is central to the meaning of freedom. The opposite is imprisonment, which is a major feature of punishment in most societies. However, imprisonment can be justified, and if so, so can other less drastic restrictions on movement. Another argument centers on the necessity of freedom for taking advantage of opportunity. Egalitarian liberals prefer equality of opportunity, which if taken seriously could entail complete freedom to cross borders and perhaps even subsidies to do so. Classical liberals sometimes prefer sufficiency of opportunity as their standard. Even sufficiency might require a freedom to exit some of the worst places on earth and perhaps therefore a right to entrance somewhere else. But there is nothing automatic about the correlativity of exit and entry. I am entitled to exit an unsatisfactory marriage without that right entailing that I have a right to marry anyone I want regardless of their view on the matter. Nonetheless, citizenship does not have to be like marriage despite their common tendency to make people either very miserable or very happy.

While the right to marriage is worth having even if it turns out no one is suitable, the right to exit a state is only worth anything if there are valid entrance options. In the international state system, citizens have to be wed to a state, at least in the sense that they have to be juridically subject to some authority, at least according to the International Convention on the Status of Stateless Persons of 1954. Joseph Carens compares citizenship in the modern world to social status in a medieval feudal system. Both are assigned at birth and for the most part neither is subject to change for most people. Moreover, both have great impact on an individual's prospects in life. "To be born a citizen of an affluent country like Canada is like being born into the nobility (even though many belong to the lesser nobility). To be born a citizen of a poor country like Bangladesh (for most) is like being born into the peasantry in the Middle Ages." (Carens 1992, p. 26) Liberals object to the status delineation of the feudal order, and they should do the same to the status distinctions in the international state system. To say that the peasants have a right to exit their status but that the nobles have aright to protect entry into their ranks seems to miss the point about having a right to exit.

I am sympathetic to this view. However, liberalism also has a strong tradition of permitting exclusion under the right circumstances. In the United States, unless they seek federal funds, private associations are allowed to discriminate based on race, religion, sex, income, occupation, social class, and other factors that are generally held to be arbitrary from a moral point of view. This practice is not uncontested, but central to the meaning and success of some associations is the ability to stay all male, all female, all heterosexual, all homosexual, all catholic, and so on. Individuals have a far ranging right to associate with whomever they want and not have their right of association depend on how tolerant they are of characteristics and practices they disapprove of or reject. Associations are permitted to provide benefits to members that they withhold from non-members. For many liberals, this exclusion can be justified if it occurs within a context where individuals are not unduly burdened by their lack of membership in any particular association.

One might make a similar argument about states in the international arena. States ought to be able to exclude individuals as long as individuals are not unduly burdened by their lack of citizenship in a particular association. Of course, as in the case of domestic associations, what counts as unduly burdensome is the subject of some debate. At the international level, the “unduly burdensome standard” is likely somewhat lower than in the average domestic arena. For one, at the international level there is potentially less agreement about what constitutes a source of burden. Some domestic arenas are no doubt very diverse as well and to the extent that they are, domestic associations within them could have more leeway to exclude

Even if this standard is quite low, many countries in the world are quite burdened. Malnutrition, disease, and lack of economic opportunity prevent individuals from seeking and achieving even minimally decent lives. This fact would prevent states from excluding individuals in particularly burdened circumstances from seeking opportunity elsewhere. When exclusion from a territory condemns individuals to a life of daily suffering and horror, this exclusion is probably unjustified.

I concluded my critique of the way the Lockean proviso has been used in arguments in favor of global distributive justice by pointing out that in order to be worthy of complete respect the right to property must actually meet the necessary empirical condition, leaving the non-appropriator or late-appropriator "enough and as good" an opportunity to flourish in fact, not just in theory. I believe the same general remark could be made about sovereignty. Of course, if the evidence presented in favor of the role of domestic institutions in wealth creation is correct, then "enough and as good" may well be quite a low threshold. A low threshold is not no threshold, however.

Nonetheless, this argument is also problematic. It does treat the right of individuals to associate with the people they want seriously, but it leaps too quickly from exclusion from citizenship to exclusion from territory. This kind of argument has something in common with segregationist "separate but equal" arguments that would authorize the existence of racially based restrictive covenants in some neighborhoods as long as the excluded have an adequate opportunity to secure housing. If one is not persuaded by arguments in favor of allowing racially based restrictive covenants, one should not be persuaded by the argument that exclusion *from territory* is permissible as long as such exclusion does not prevent foreigners from achieving a minimum standard of living. To use Carens' example, medieval nobles may well have a right to decide what counts as having blue blood, but that right does not extend to distributing the opportunities of an entire political and economic system according to the possession of noble blood.

The right to seek out natural resources or the opportunities they make possible is one way to express a right to free movement, even though it stops short of the more egalitarian right to become a member of a particular association or determine what it means to be a member of that association. Maybe additional principles could extend the argument that far, but natural resource inequalities probably do not provide sufficient materials.

While marking an important distinction between a nation and the territory it happens to occupy is not uncontroversial, it does find support in liberal theory. At base, state of nature theories provide an account of how persons exit the state of nature. Their property accompanies them, but law is conceived of as being authorized by persons, only applicable to territory insofar as it belongs to consenting persons. The right to self-determination enshrined in international law today defers to the peace-making functions of the international system but still claims decisional authority on behalf of minority groups within a nation (Pangalangan, 2001, p. 168) If this distinction can be sustained in principle, then the right to free movement between territories need not have anything to do with rights of memberships in association, national or otherwise.

The failure of the principle of permanent sovereignty over natural resources to secure a deep link between a people as a group and the geological features of their territory makes territorial exclusion difficult to sustain. Certainly, historically nations can forge strong bonds with territory but these will be contingent rather than a priori. They will be based on relationships actually forged, not automatically extending to any relationship that could be forged. I do not take the failure of the principle of permanent sovereignty to mean that there should now be license to mine in national parks, for example. Nations may still set certain pieces of land off limits for exploitation, however these limits should not discriminate overmuch on the basis of nationality. Whatever land is made available should not be made available on formally discriminatory terms to non-citizens. Moreover, too much exclusion, even non-discriminatory exclusion is probably not justified if opportunities must indeed be provided to compensate for exclusion from property and territory.

The right to seek resources and the opportunities they help provide is not incompatible with sovereign states establishing linguistic or citizenship qualifications for holding particular offices or professions. It is not incompatible with a variety of rules to ensure that immigrants and their children assimilate in some ways to the dominant culture. I by and large assume (perhaps hope) that the range of acceptable integrationist practices does not burden the right to entrance unduly. Even if foreigners cannot occupy some offices and professions, hopefully these disabilities will not render the right to enter meaningless. As mentioned previously, this right merely seeks to take its place at the table of considerations a state is required to balance during the legitimate exercise of its sovereignty.

[Chapter IV – Part III]

Poverty Relief, Development Aid, Sufficiency, and Distributive Justice

In this section I want to make good on my promise to lay out a positive view of global justice that takes natural resource inequalities and their social construction seriously. The view I am about to lay down has three components: a sufficientarian component, a Lockean egalitarian component, and a compensatory and historical component. Together these considerations spell out the conditions for a politically just global system. There are obviously still ways in which the world would be filled with injustices, just like any just domestic society would still have criminals. However, I believe these combined considerations would take care of many objections to the current global order, particularly those raised by the authors considered so far.

While some will view sufficiency as requiring some minimally decent standard of living of each living human being, perhaps incorporating some more or less extensive list of rights like those spelled out in the UN Declaration of Human Rights of 1948, I see sufficiency as primarily being a function of opportunity. Access to natural resources are one kind of opportunity, as are jobs in a capitalist economy, government transfers, and the benefits of education. People should not be deprived of the materials with which to construct decent lives. What sufficiency is not concerned with is past injustice, the legitimacy of holdings, or the right to exclude from property and territory (except insofar as this is a barrier to some getting the opportunities they are due). Meeting this standard could require distributive transfers (money, knowledge, or technology), but could also involve allowing migration and improving the international trade regime for those currently in dire situations.

Beyond sufficiency, there are good reasons many theorists have used Locke to make sense of the legitimacy of national sovereignty and the holdings of individuals within sovereign states. Lockean reasoning gives us the conditions under which we are justified in claiming full rights of ownership over property. Analogous reasoning can tell us when we are justified in claiming full sovereign rights to exclude others from our territory. When countries claim to exclude others from their territory, they owe outsiders opportunities equal to those they have deprived them of. This requirement does not depend on how much each country has, it is simply a requirement of sovereignty that its power not make others worse off than what they would have been absent that sovereignty. Again, these duties can be met through distributive transfers, immigration, improvements to the trade regime, and perhaps even contributions to international cooperative efforts.

Finally, even when everyone is at a sufficient level of opportunity and Lockean requirements have been met, there is still the matter of compensating those who have been wronged in the past. This is not principally about how well anyone is doing relative to others or about justifying the right to exclude from territory. This is about making wrongs right. Natural resources provide a special case in this instance. Compensation here probably cannot be met through allowing immigration or better trade regimes. Monetary transfers here seem uniquely appropriate.

In the end, I want to suggest reasons why the more passive immigration/trade route, when permissible, is probably a better way to meet these various obligations. Our ignorance of local needs, relative preferences, and the unpopularity of foreign aid both domestically and abroad seem to militate against direct transfers. Some of the more passive remedies like freer trade and immigration are likely to make both citizens and non-citizens better off. Global Funds and GRTs are ultimately less efficient ways of meeting our obligations to foreigners.

[Part III, Section 1]

Sufficientarianism

I rejected sufficientarianism as the sole basis for global distributive justice in the last section because I think the arbitrariness of the global distribution of physical substances provides some moral basis for undermining the right of a people to collectively exclude individuals from their territory. In other words, I agree with Beitz, Pogge, and Steiner that there exists a morally arbitrary distribution involving natural resources that has moral consequences (though I disagree about which distribution one should be looking at and what consequences follow). However, the existence of duties arising in this way does not mean there aren't prior, more basic duties to sufficient opportunities.

Sometimes these rights to sufficiency are framed in terms of natural resources. Countries without natural resources should be given some so that they may have the materials to build a decent society. Charles Beitz appears to be saying this. (Beitz, 1979) However, one does not need to point to natural resource inequalities to ground claims of sufficiency. Indeed, to tie claims of need to natural resources seems to miss the point that opportunity can come in many different guises, not just in the form of having natural resources on or under one's territory.

Some like John Rawls will call these opportunities people are owed "primary goods," but I believe the word "goods" probably unintentionally directs our focus away from the non-material components of what it means to have opportunities. The word "goods" has the tendency to bias the discussion towards the things individuals and governments can directly bestow upon one another, rather than systems of social cooperation that can be set up to produce opportunities regardless of anyone's intention to benefit others. Opportunities are not exactly quantifiable, even when we can be reasonably sure that some situations contain more than others. On the one hand, we may not realize that we have given anyone an opportunity while on the other hand people may frequently and systematically overlook opportunities they really do have.

The rights of outsiders to some minimum amount of opportunity in life can limit what a government or a people do with its territory. States nonetheless still have a robust range of choices about how to organize domestic life and distribute the burdens and benefits of social cooperation, just a less robust one than is supported by current international law, focused as it is on the practical requisites of conflict prevention28.

Sufficientarianism provides a better framework for thinking about international distributive justice than egalitarianism, once we start seriously thinking about the consequences of the social construction of resource wealth. This is somewhat counterintuitive because while the social construction of resources tends to undermine the claims of outsiders to natural resources discovered and rendered valuable in the context of national institutions, it also seems to make the rights of individuals to any particular reward more tenuous. After all, what moral claims can any individual press when the lion's share of the results of his or her efforts is determined not by him but the institutions he lives in?

Sufficientarianism is more appropriate to thinking about global justice precisely because systems of social cooperation that create wealth and produce justice succeed in blocking distributive claims. In the domestic arena, the social construction of individual wealth makes us treat the distribution of individual incomes with a grain of salt. In the international arena on the other hand, the fact that opportunities are largely created by domestic sets of institutions tends

28 Whether this actually succeeds or merely turns interstate conflict into intrastate conflict is another story.

to militate against international transfers. The United States is a land of opportunity. Chad is not. Americans within some limits have a right to reap the benefits of their opportunity cultivating institutions. (We shall visit some of these limits anon) This establishes an important disanalogy between the principles that are appropriate to apply to the domestic and international arenas. So those who are inclined to be skeptical of sufficientarianism at the domestic level have reasons to endorse it at the global level. The domestic social construction of wealth that leads them to be skeptical of individual pre-tax and pre-regulation entitlements should at the very least not inhibit them from endorsing a more sufficientarian account at the global level. Of course there is also an international process of social construction, but I tried to show that it was frequently not as significant as commonly supposed in Chapter Two.

So even though individuals do not have strong moral claims to their incomes, systems of social cooperation that create wealth do have significant moral value both to their inhabitants and foreigners. It is the value of the system that prevents the individuals within it to be subject to strong global egalitarian distributive duties. I emphasize the value of the systems, by which I mean the sets of political and social institutions responsible for both great domestic wealth and positive international externalities. I mean to contrast my account with nationalist accounts like David Miller's (2008) who argues for the moral significance of being a member of an intergenerational community.

It is superfluous to count the ways it is better to live in Europe than most parts of Africa. There is no doubt that wealth producing institutions generally benefit their residents, even the least well off. However, the benefits are not restricted to the friendly confines of a country's national borders. Successful systems of social cooperation also provide countless positive externalities including medicine, medical devices, plastics, cheaper communications, cheaper transport, and of course norms like freedom, equality, and democracy. While developed countries often make every possible effort to internalize their positive externalities, they do not always succeed. I am going to trust the intuitions of readers that these positive externalities outweigh some of the negatives like pollution, contributions to the rate of global warming, and threats to species and habitats, to name a few. Positive externalities are not sufficient to absolve Western nations for the injustices they perpetrated in the past or the ones they are bound to perpetrate in the future. We will examine this point further when we talk about rectification and compensation. These positive externalities do appear to begin to satisfy the ideal of sufficiency of opportunity, however. This is so because even without intentionally providing transfers to poor countries, developed countries can provide them and their citizens with opportunities to improve their station.

To be sure, depending on the circumstances, these opportunities might not be sufficient to satisfy the minimum opportunity one is owed merely in virtue of one's humanity. One might be too poor or too far away from any meaningful opportunity at a decent life to take advantage of any opportunities created abroad or at home. The distinctive feature about sufficiency of opportunity as opposed to some list of primary goods is that what counts as sufficient opportunity does not always depend on a minimum standard of living. Opportunities do not guarantee much. There are positive duties, at times, but these may not go so far as to guarantee specific outcomes to individuals. More plausibly, they guarantee a certain kind of environment where making one's way is possible. This is both more demanding than a set list of goods in the sense that meeting it requires a lot of vigilance (periodic transfers will not do), but it could be less demanding on governments and individuals if multinational companies already tend to provide a lot of consumer surplus to individuals around the world or if they invest aggressively or employ large numbers of individuals abroad.

A minimum claim to natural resources is just a more specific claim to an opportunity. Merely because natural resources are tangible in some way does not make them more of a guarantee than any other kind of opportunity. Indeed, usually the right to natural resources is cashed out in terms of a transfer payment or a percentage of the value of resources. As we have seen in Chapters One and Two, this translation is far from straightforward. If there is a right to natural resources, it is not plausibly a right to cash transfers based on a percentage of some imputed value of the resource. If what theorists are really after is a right to opportunity that seems best satisfied by a right to natural resources, then I would submit that it is better if that right is simply cashed out as “whatever opportunities – natural resources or other – most conveniently satisfies our preferred account of opportunity.” The fact that developing countries sometimes happen to possess natural resources should not disparage the right to opportunities of those located in countries where there are no currently saleable export commodities.

Respect for persons requires that individuals be able to use enough at least for the purposes of survival and the creation of just institutions of social cooperation without having to owe anyone else any kind of justification. Justice and survival may be said to be justifications for their own sake, regardless of what others have or lack. It may not take much in the way of resources (natural or otherwise) to survive or set up just institutions, but if those things are lacking we may find ourselves under the obligation to provide them.

[Part III – Section 2]

Lockean Egalitarianism

At first glance, Lockean egalitarianism, particularly the way I have interpreted Locke seems like a contradiction in terms. However, it is through Locke that concerns about human equality shine through the most on the international stage, at least with respect to natural resources. Our equal initial rights to appropriate parts of the world do seem to entail that appropriation and exclusion beyond what is necessary to survive require special justification to those left out in the cold. Sufficientarianism takes care of the concerns about lack of opportunity, but does not place any special emphasis on equality per se.

Duties of compensation and restitution take care of past injustices but do not place special emphasis on duties arising from equality either. Human equality does play a large part in any Lockean account of distributive obligations however. No doubt the way I interpret Lock will not satisfy those with much stronger egalitarian intuitions than I, but I already expressed my concerns about those views in previous chapters so I will not repeat them here.

There seem to be at least two major ways to think about the relevance of the Lockean proviso to global justice and natural resources. One is to treat states in the international arena like individuals in the state of nature. Since the international arena has been described as anarchic, perhaps this is not a bad analogy. The other is to think of individuals as operating in a global state of nature and states serving an instrumental role in protecting the rights of members. Here we follow Locke's view more strictly since the state's authority over property holders is derived from their consent, not, strictly speaking, from the consent of outsiders. As I have already suggested, this latter account is problematic because it does not seem to justify state sovereignty or individual property claims to these outsiders. Even if the state justly enforces individual appropriations that were innocent and blameless, the state still usually reserves the right to exclude outsiders from public spaces as well, including vast tracts of land that were never individually appropriated, but instead are said to be held in trust for the people of that country. This is particularly true in the United States and in resource rich but sparsely populated countries where the government claims sovereignty rights over land and resources, some of which human beings have never seen or imagined.

It is probably unfair to completely discount the second view however. It may just be that there are two separate questions that Locke's theory of property can help us answer: What do individual property appropriators and subsequent owners owe to others in general (including non-citizens) and what do states owe non-citizens?

Sovereign state enforcement is primarily what keeps non-citizens from purchasing or appropriating real estate in a country and settling there. It is primarily state exclusion that needs to be justified to outsiders. Exclusion from individual plots of private property also needs to be justified of course, but states that provide the kind of institutional environment where private appropriation is opportunity generating are presumably doing their job in that respect. Where they are sometimes failing is in extending those opportunities to non-citizens.

If I have interpreted it correctly, the Lockean proviso requires countries that exclude non-members from appropriating resources located in its jurisdiction to provide opportunities to non-members that are as good as the ones original appropriators would have faced. This is not a well defined standard, but it is safe to say that it is not an onerous one. One might ask the following sort of question about this standard: “what level of political and economic development are we to assume that initial appropriators had access to?”

In some places this might be a little more or a little less. Perhaps if some parts of the world today are de facto *res nullius* like Antarctica or deep sea beds in international waters and individuals became legally authorized to stake claims to them (I say de facto *res nullius* because de jure, according to international treaties, they are *res communis*) the sorts of opportunities owed in compensation for enclosure would be more substantial. Then again, depending on what is appropriated, perhaps the appropriation does not make anyone appreciably worse off. Empty frozen wilderness is one thing, and empty frozen wilderness with oil under it is another. My point is that enclosing empty frozen wilderness with oil under it today is not the same as enclosing empty frozen wilderness with oil under it in AD 1200. One is depriving contemporaries of very different sorts of opportunities. Of course, one is also potentially providing them with varying degrees of opportunities depending on how one uses the land and in what legal system the land is used in.

It might be protested that enclosing territory and excluding others from it requires justification not only to contemporaries but also to all future persons. Similarly, continued sovereignty (not just initial appropriation) could require ongoing justification on the part of descendants and future occupants and continued possession would have to be justified within the context of future social systems where the baseline opportunities have changed. These points are well taken, however there are differences between justifying initial appropriation and continued occupancy. At the time of appropriation, there are no future people to whom the appropriation must be justified. The most one could say is that an appropriation is illegitimate if for some reason it could never be justifiable to future generations. I cannot think of an example of an appropriation that is justifiable to a current generation, but could never be justifiable to future ones.

In the next generation, the justification is no longer appropriation but exclusion. One no longer has to justify taking a piece of land out of the domain of unowned things, but one has to justify keeping people out. The reason the form of the justification is liable to change is that once appropriated a piece of land begins to change. It begins to bear a distinctively human imprint. Perhaps houses are built, mines are dug, or people are born. This creates a web of significance that transforms a piece of land from something all humans had a roughly equal interest in to a piece of land where some people are far more invested than others. Entitlement justifications become much more plausible at this juncture.

What is true is that the effects of appropriation are not visible for some time. Although there may be a fact of the matter at time t_1 whether an acquisition is justified, we will only know at t_2 (or t_{100}) whether it was in fact justified. This means a state cannot ever fully morally justify its exclusion of others at t_1. It is a promise that at some point has to be made good on. Whether it is made good on depends in no small part on what it how it conducts its business both for its own citizens and for those it excludes from its territory.

At time $t_2 \ldots t_n$ however, the primary justification for exclusion is no longer that the exclusion leaves enough and as good in common for others as the citizens benefit from in time t_2. The primary justification for sovereignty is simply that it was passed down from previous generations without injustice. A state is entitled to exclude because it does nothing that would give anyone a right to interfere. The initial enclosure did, because at that point in time something that was potentially anyone's was taken. However, at time t_2 the excluded can no longer point to an event where they were deprived of anything. They are being excluded like those at time t_1 but unlike those at time t_1 they are not being deprived of something they had equal title to.

The holdings that exist at time t_2 now bear the distinct human imprint of those who have begun to transform the land. Indeed, the land is not the same now and, as in the case of land paved over for parking lots or the exhausted mine, it may never again be what it once was. The land has acquired a social existence. On the political side, it has been registered and titled as a part of a uniform system of property registration. On the economic side, it may now be mortgaged or serve as collateral for a loan. On the personal and affective side, it may bear the marks of specific persons and hold specific emotional attachments (place of birth, grave site). It may have acquired cultural significance (place of worship, historical battle field). Most importantly, it bears the mark of morally significant human activity: buildings, work spaces, cultivation, and spaces for living, loving, and raising children.

This is not to say that at some time $t_2 \ldots t_n$ it may not be possible to say: "actually, enclosure at t_1 was not justified, and therefore the sovereign at $t_2 \ldots t_n$ owes some compensation because the blamelessness of the initial appropriation has been put into question." This can be claimed because so much about the justification for initial acquisition that I am relying on depends on information that can only be known later. If that system enables private property to produce countless opportunities that late comers can take advantage of then presumably it was justified at time t_1 and continues to be justified at t_2. If not, then some compensation is required, or at the very least one's rights over the property are diminished.

However, Hillel Steiner points out the real dilemma of what is to happen to the innocent and valuable work that has gone into transforming illegitimate initial acquisition. Should land and everything on it be returned to an initial commons? Should current inhabitants pay damages to, and if so, to whom and in what amount? Steiner argues that as in the case of any object one has acquired illegitimately but unknowingly so, one cannot claim credit for improvements made upon it. (Steiner, 1994) While his point about a book that was borrowed without the owners consent and repaired is probably correct - the repairer cannot ask the owner to pay for the repairs the borrower made without the owner's consent – the analogy with initial acquisition is tenuous.

My major disagreement is with Steiner's characterization of the original acquisition occurring in a situation where all land is *res communis* (original communism). For Steiner, original acquisition harms a claim right like the right of a shareholder or any other kind of joint owner. For me, the original situation is far more akin to one where land is *res nullius* (original no-ownership). Potential owners are owed far less than joint owners and this goes some way to distinguishing my view from his. We owe far less to people we might be competing with to acquire the latest mobile phone gadget than people with whom we own all the gadgets in common. In the former case, we owe them some fair procedural chance at acquiring the gadget. If we fake a terrorist threat to clear out the area so we can get the gadget before anyone else, we run afoul of that basic duty. However, in the joint-ownership case we would be wrong to acquire any gadget without permission of the other joint owners.

Now, when we innocently run afoul of our obligations in a competitive situation for unowned objects (not like the bomb threat), we may still owe something to those who we have wronged, but the wrong is not comparable. I think the case could be made that if they currently have equivalent opportunities to the ones we deprived them of, they cannot reasonably complain, even if our holdings are slightly tainted. Far from full scale restitution (plus value added) as Steiner suggests, what we owe is similar opportunities to the ones we denied others at the time we enclosed. When we denied them the opportunity to find a gold mine, we might owe them an opportunity with a similar expected value as the opportunity to find a gold mine. Of necessity that is going to be an imprecise figure, but I am certain that living in Western societies today is not entirely unlike having a slim but not insignificant chance to stumble upon a gold mine. As I already noted, Western societies are special in that they provide individuals remarkable opportunities to get very lucky. There may not be any gold mines in France, but there are still equivalent chances of becoming a movie star, a supermodel, a business mogul, a professional athlete, or a top chef. Indeed, arguably the opportunity is much better because the consumption options are greater. Even when you do hit the mother lode in the natural appropriation lottery, you still do not have much to spend your money on if the year is 1240 A.D. This is not the case in advanced capitalist nations.

One might counter that what is owed is not what was denied to original appropriators, but what was denied to currently heirs of the original appropriators, namely a chance at inheriting the cumulative effects of the productive endeavors their ancestors would have engaged in. This kind of counterfactual reasoning approach is very difficult to carry out, but it would depend on how exceptional one takes Western style liberal democratic capitalism to be and how formerly colonized nations would have developed absent colonialism but in the presences of some other just system (and what one takes features of that just system to be). I do not know whether this account is superior, but I am not tempted to credit counterfactual institutions and states with much in the way of opportunity production if it is not likely that they would have adopted something like Western style capitalism. In other words, it is not likely that left to its own devices the peoples of the Congo as they existed prior to the colonial era would have discovered many of the resources under their feet or brought them to market in an opportunity creating way. It is possible, but not, in my view, likely. Even today with the best Western advisers the IMF can provide, resource rich developing countries have a very hard time turning those opportunities into results for their people. We cannot assume that value flows from the substances themselves. Instead, we should assume that most of the value comes from institutions and people, and so when evaluating alternate historical paths, we should think about what kinds of institutions were likely to have arisen, rather than who would have owned what.

Of course, on my account, it is not Western societies that have the hardest time justifying their initial appropriations. Western economies are opportunity generating dynamos, even when these opportunities are not very evenly distributed. It is developing societies where it is still uncertain whether property systems are actually generating the sorts of opportunities that would be necessary to justify them. In some societies that are stagnant at a low level of development, arguably existing property regimes (whatever they may look like: collective or elitist) are indefensible. They do not hold the promise of generating significant opportunities for property owners, let alone the excluded.

So I think Western countries can go a long way to justifying their sovereignty, or at least clearing up any question about their history by allowing (or perhaps even promoting) access to the opportunities their systems of social cooperation afford. While this account is a retreat from grandiose egalitarian accounts, because it does not see massive transfers of wealth from developed countries to less developed countries as a moral imperative arising from principles of global distributive justice, it still probably requires that developed countries do more than they currently are doing, and do it better than they have in the past. Moreover, this account takes no explicit view about the size of transfers that might be needed to compensate for recent and ongoing historical injustices. I suspect they will not be what some hope, but I leave the matter open to empirical contingency, all the while pointing out some procedural constraints that I find relevant.

(a)

The Egalitarian Objection

It will be objected that this account still countenances a significant amount of moral arbitrariness. Luck seems to account for too many distributive outcomes. Even allowing for significant free movement, where one is born still seems to matter entirely too much. I would counter that more egalitarian accounts than mine treat individuals and the prerequisites for successful systems of social cooperation with insufficient respect. Turning physical substances into wealth is far from an automatic process. I do not deny that it would be better if the world had fewer inequalities and if nationality were less important in determining one’s life prospects, but treating individuals with respect requires putting limits on how much one treats them as means for realizing distributive projects.

The weight one gives to that argument will depend on how important one thinks distributive justice is in an account about how one treats persons. I will side with Elizabeth Anderson, who worries that liberal egalitarian views, shared by many cosmopolitan thinkers, stress the futile task of eliminating luck from social affairs rather than ending oppression. “The proper negative aim of egalitarian justice, Anderson says, is not to eliminate the impact of brute luck from human affairs, but to end oppression29” (Anderson, 1998, p.288) Distributive justice plays a role in limiting oppression, but beyond some minimum, it seems to have done its work, regardless of the global inequalities that persist.

In part, I think the disagreements between egalitarian and sufficientarian accounts of global justice are probably motivated by empirical disagreements about the impact of global inequality per se on the citizens of less developed countries. Egalitarians and sufficientarians disagree about how much inequality is compatible with treating people equally as a matter of fact. Perhaps they also disagree about what equality requires, but beyond that there is a question about how vulnerable a global system of sufficientarian arrangements are to capture by economic interests. At the global scale this means a disagreement about the extent to which international institutions can resist being the pawns of powerful economic and military interests when less developed countries do not appear to have the means to defend their interests.

Unfortunately, even relatively egalitarian institutions can be captured. Economic inequalities are not all that matter, unless of course one believes along with Marx that one's interests are exclusively captured by one's place on the socio-economic ladder. Power that can be used for egalitarian purposes can presumably also be used for other purposes, even admitting that socio-economic egalitarianism somehow remains in place (probably a charitable assumption).

Whether the setting is domestic or international, the debate is roughly the same. It should be noted that at the international level, the existence of vast natural resources means that developing countries have leverage that individuals in sufficientarian domestic arrangements lack. Even though I argue that these resources should not be understood as belonging to them prior to their actual discovery and exploitation, the ability of less developed countries to control the social and economic environment in which these resources are brought into the international economic system grants them significant leverage nonetheless. No one is challenging the prerogative of developing nations to make laws suitable to their interests and situation. Maybe public ownership is the least of all evils in some situations. But regardless of ownership structure,

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sovereignty does imply some leverage even when the claims of the excluded must be heard.

(b)

The Communitarian Objection

Another objection to the account provided here is that it pays insufficient attention to the claims of culture. Social construction, after all, means that cultures play a significant role in structuring what resources mean. The divorce between territory and community that I argue in favor of could be damaging to a number of cultures who either have important historical attachments to their territories or whose cultural beliefs require a high level of exclusion and ethno-cultural purity within a delimited physical space.

I do not need to take a view on the extent to which a nation's public space ought to bear the mark of the dominant national group. I have stressed the requirement for free movement in part because it helps justify failing to make opportunities available more positively through transfers. Could a group of people choose to pay for the privilege of exclusion over a particular territory? I can only think of one difficulty. One reason free movement and immigration is an appropriate response to the problems of social construction of natural resources is that we frequently do not know what resources are out there *ex ante*. Prohibiting individuals from searching for resources seems to deny their fundamental equality with respect to unappropriated resources. However, since land is frequently already owned by individual citizens, the objection is muted because no one contests the right to exclude from private property that is already appropriated. It is travelling in public space that is problematic as well as public land.

Failing to permit the sale of private land falls into a different category than failing to allow for travel or appropriation of unclaimed land. Failing to permit the sale of privately owned land to foreigners seems most objectionable, unless some valuable public good is at stake. On the other hand, if all are similarly excluded from searching for and appropriating land currently left in common, there does seem to be room for justified exclusion but like all exclusions, this one would be subject to the condition that no one is made worse off by it.

It might at that point be countered that history has forged special ties between a nation and a piece of territory, giving it special rights over it that do not require any kind of compensation. In effect this would mirror the claims individuals might make when they discover natural resources. However, just like individual moral claims to private property are only validated by their conformity to a moral rule that prevents that claim from making others worse off, so too are collective claims of sovereignty. While sovereignty protects the right to self determination of peoples, there are also bounds beyond which a sovereign state may not step. Sovereignty is no defense against intervention in genocide and war crimes, nor is it a defense against responsibilities to uphold basic rights including rights to pass through and acquire property subject to rules equally applicable to all.

Fortunately in most cases, a beautiful national park or holy site holds little value for those who don't care much about nature or that particular religion. It might be the case that some holy shrines are located on territory that for some reason could be very valuable for outsiders. The case of national parks containing valuable resources is probably more common. But even so, the compensation owed does not seem like it would be overwhelming. I think sovereignty probably confers the right of people to determine what counts as valuable or sacred in any particular area, but it does not imply that this right should be entirely costless to value holders. Clearly, if outsiders are willing to spend a lot of money for the rights to drill in the Arctic Wildlife Preserve or if Christians are willing to launch multiple crusades for the privilege of ruling Jerusalem, total exclusion will have its price.

This is perhaps so because exclusion in this case does deprive someone of fairly significant opportunities (in their mind). In the case of Jerusalem, the norms of sacredness held by all three major monotheistic religions suggests the impermissibility of total exclusion. There is almost nothing Jews would be willing to give up in exchange for being excluded from Jerusalem. Exclusion is impossible while maintaining equivalent opportunities for others. There are no other equivalent opportunities to be given.

In the case of the Alaskan wildlife refuge, perhaps more of a compromise can be reached. Drilling could be subject to severe constraints such that it would only occur in most dire of circumstances or be done in such a way that only marginally harms the interests being protected. Of course many people, including religious or ecological fundamentalists do not admit that anything could limit their interest in the matter. Indeed, they clamor that their interests are the only ones that matter. I think that as a rule this kind of claim is unreasonable on its face particularly when the location of interest does not have a clear history of legitimate entitlement. Of course, one might say that historical entitlement is not all that should matter, especially when the consequences of enforcing entitlements are dire. This is undeniable. However, one should note how frequently the bad consequences of enforcing entitlements are often due to a debatable history. Conflict over the Holy Land seems like a paradigmatic example, but more generally enforcing property titles in times and places where holdings are not seen as having been acquired legitimately will sometimes produce adverse reactions. This may not explain the entirety of the resistance to the respect for entitlements, but it might go some of the way.

[Part III, Section 3]

Responsibility and Historical Injustice

The Lockean view has some concern for historical justice embedded in it, insofar as it seeks to establish the legitimacy of current entitlements based upon the facts surrounding their initial acquisition. However, past initial acquisition, which to non-philosophers may seem like an uncertain and flimsy basis for action today, there are also very real cases of thefts and subjugation that provide reason for compensation and restitution today. In my view, the Lockean account is best seen as an account of what might compensate non-citizens for being excluded from pieces of territory that they are *a priori* entitled to be on.

It is also of some concern to theorists like Timothy Hayward and Thomas Pogge that the Lockean view, even interpreted in a more egalitarian manner than I do, might force those who had enjoyed resource advantages to compensate those who were deprived of those advantages would end up favoring developed countries with few resources and harm poor and still developing countries who happened to currently enjoy a period of natural resource abundance. Both are worried about Beitz's view in particular, which as we have seen, treats the relationship between resource abundance and development as being relatively unproblematic.

Hayward tries to recast the principle to take into account each country's past and present use of ecological space and Pogge tries to buttress claims of distributive justice with claims about current and past injustices which currently developed countries have perpetrated on currently less developed nations. I tried to show that neither view is entirely satisfactory. Hayward's move is the right sort of move if we want to try and save egalitarian distributive justice. Pogge's move makes more sense if, recognizing the difficulties in establishing a universal standard for distributive justice in resources, we want to shift our focus from distributive justice toward historical justice.

I think it is problematic to retroactively change our considered convictions because it turns out not to advantage the people we would like it to advantage. Some might justify this sort of apparent ad hoc reasoning by reference to something like a reflective equilibrium[30], but if the best account of natural resources and international distributive justice puts more natural resources into the hands of the already developed, then it seems odd to conclude that something about the account must be wrong. As it turns out, I do not think that a correct account of distributive justice in natural resources requires dispossessing the poor. Even if it did, we have other moral resources that will militate in favor of helping the disadvantaged and destitute.

We also should note that it is Western institutions that seem to be the most effective at transforming natural resources into wealth and justice for its citizens. We should not be entirely surprised if a theory of global justice recommends putting more people and natural resources into productive systems of social cooperation. Nor should we be surprised when we discover

[30] The reflective equilibrium, a term coined by John Rawls, is a process by which individuals try to reconcile their considered convictions about outcomes with their principles and practical reasoning.

considered reasons to move people and resources away from dysfunctional and wasteful political institutions. It will be countered that we are withholding help from those places which need it most, but I think it is wrong to think about distribution in terms of physical space. It is people we care about first. Locations are only instrumentally important in satisfying wants and needs.

It might well make sense to say that because many Bangladeshis value their ethnic identity and the places they grew up in, we have good reasons to help Bangladeshis in Bangladesh. However, it is an entirely different thing to say that when Bangladeshis would much prefer living elsewhere that we should force them to stay where they are because some other Bangladeshis as well as many of our own citizens would prefer they stay where they are. Cultures and peoples can survive away from their places of origin. Perhaps they do not survive intact, but it is not abundantly clear that we should care about cultures apart from the people who live in them.

I agree with Pogge that a focus on historical justice has many merits, though as I tried to show already, it does not come without its share of difficulties. Indeed, our best approximation of historical justice may not provide much relief to the victims of past injustices and resource thefts, let alone those who are currently needy (regardless of their history). While no single family of justifications can promise to right all wrongs, a combination of theories might come close. I have only spoke about the kinds of justifications that have targeted natural resources as prime objects of distributive concern, but there will be other kinds of justifications as well. Indeed, we have seen that frequently a concern about natural resources really seems to be either a concern for opportunity or a concern about the historical provenance of individual holdings or territorial boundaries.

In my view, Hillel Steiner is correct in separating Lockean compensation from need. I would further separate Lockean accounts from compensations from other types of historical injustices, mostly because my Lockean account is less strictly compensatory. Steiner views Lockean compensation as a relatively precise exercise, which is in the spirit of historical compensation. My Lockean account is less compensatory because the standard that triggers a duty is much less specific and much less active. My Lockean account is a passive theory of compensation in the sense that it does not usually require seeking out and identifying victims and perpetrators. On the other hand, my theory of compensation does just that. I do not think Steiner would disagree with historical redress of the sort I envision, but his Lockean account is much more similar to a typical account of compensatory justice than mine.

I do agree with Steiner on this much. In his defense of his interpretation of Lockean proviso he makes it clear that he thinks the duties of compensation arising from the proviso are enforceable as a matter of justice regardless of the welfare of the respective parties. The existence of the kinds of duties he envisions "is in no way predicated on their beneficiaries being in a state of need. These duties are ones of justice and they arise, posteriorily, as straightforward restitutional implications of the overacquirers' failure to comply with their prior negative duties of forbearance.” (Steiner, 1999, p. 175) Need and compensation are separate questions. What one is owed in virtue of one principle may be very different than what one is owed in virtue of the other.

(a)

Assigning responsibility

David Miller is helpful in categorizing and distinguishing the various ways in which people are said to be responsible or implicated by way of responsibility. There appear to be two principal senses of the word responsibility: outcome responsibility and remedial responsibility. Quoting Miller: “With outcome responsibility we begin with an agent whose action produces beneficial or harmful consequences, and we can ask which of these consequences can be credited or debited to the agent. With remedial responsibility we begin with a state of affairs in need of remedy [...] and we then ask whether there is anyone whose responsibility it is to put that state of affairs right.” (Miller, 2007, p. 97-98)

Miller uses the example of a teacher who arrives at work to find the assigned classroom in a complete state of disarray. The question “who is responsible for the mess?” (outcome responsibility) and “who is responsible for cleaning it up?” (remedial responsibility) are at least potentially separate questions. If a rowdy student caused the mess, then there is a sense in which the student may also legitimately be responsible for cleaning it up. However, the teacher may be the one responsible for maintaining an orderly learning environment, in which case he or she may be responsible for cleaning up a mess that wasn't his or her own doing. Other agents may also share in this remedial responsibility (a school janitor, the school principal).

Identifying responsibility is a matter of truth (someone did or didn't wreck the classroom) while assigning it is a matter of justification. In the teacher's case, the job he or she took came with the assigned responsibility of maintaining an orderly learning environment. One may or may not be justified in assigning this responsibility to the teacher, but it is unlikely that there is an *a priori* truth to matter of who is responsible for orderly classrooms.

Miller argues that remedial responsibility potentially applies whenever we encounter a situation in need of remedy. The classroom example shows a situation that calls for remedy, but why? It is not the intrinsic value of orderly classrooms and the platonic ideal of teacher/classroom/student relationships that requires the teacher to clean up the mess or assign someone to do it. Rather, the assumption of responsibility is traceable to the (presumably) freely chosen profession of the teacher and the responsibilities appertaining to it. These responsibilities in turn were assigned for a variety of reasons, including presumably pedagogical value. We can think long and hard about whether a messy classroom is much less conducive to learning than an orderly one. Even if it does, we can also wonder whether that is a culturally contingent fact or an inalterable one. There is a decent chance that whoever is assigning responsibilities will be wrong at least some of the time.

In the end, however, within some limits it does not matter much what the responsibilities of the job are as long as the teacher consents to them in an informed manner and they do no otherwise violate the rights of his or her charges. The legitimate assignation of remedial responsibility requires some kind of tie not only from the situation requiring remedy to the agent entrusted with the remedy, but also a link from the agent to the situation. Miller acknowledges this when he proposes a “connection theory” of remedial responsibility. “The basic idea here is that A should be considered remedially responsible for P's condition when he is linked to P in one or more of the ways I shall shortly specify.” (Miller 2007, p. 99)

Miller identifies six ways in which individuals may be linked to remedial responsibilities. These are moral responsibility, outcome responsibility, causal responsibility, benefit, capacity, and community. The first three are fairly obvious extensions of the usual notion of responsibility and making amends for the wrongs one has caused either purposefully (1), purposively but justifiably (2), and inadvertently (3). The fourth, when a party benefits indirectly from a bad situation they had no part in causing is one we already mentioned at length. Morally blameless possession of stolen goods appears to be a solid case where indirect benefit does provide a case for restitution, and all the more so the less the good in question is replaceable. In this case, the initial thief is not entitled to sell the good, meaning that the good faith buyer is not entitled to purchase it.

The nature of the connection, and not merely the existence of one, is what normatively links the assignation of remedial responsibility to individual or collective agents. This is what renders the fifth connection (capacity) more ambiguous than Miller thinks. “If A is uniquely [capable of supplying the remedy] then he is remedially responsible for P: If I am the only person walking along a river bank when I child falls in, then it is my responsibility to rescue the child.” (Miller 2007, p. 103) Clearly a drowning child engages remedial responsibility because the situation clearly calls for remedy. But in other situations, it is much less clear whether something calls for remedy. If my tie is askew on my shirt, someone may take it upon themselves to adjust it for me, but it is not entirely impossible that I had intended it to sit that way. Surely I am entitled to wear my tie however I want, and surely the interference with my desire is obnoxious in a way that saving drowning babies is not. What about poverty? At what point does poverty call for remedy and engage the remedial responsibility of national and international communities. We can agree with Miller on the principle of remedial responsibility and yet disagree about what situation call out for remedy. We get understandably frustrated when the United Nations endlessly bickers over whether some particular evil is in fact and instance of a war crime or genocide, thus triggering UN action, but at some point the question of what calls for action and what doesn’t needs to be answered.

Mere inequality, it seems to me, does not justify remedial responsibility (unless certain very strong assumptions about the causes and effects of inequality per se in the world turn out to be correct). On the other hand, outcome responsibility does engage remedial responsibilities. In the situations where Pogge and Hayward are correct and the developed world coerces the developing world into unjust economic arrangements or fails to meet its most basic responsibilities, then remedy is required. When some countries use others as *de facto* or *de jure* colonies, the oppressed are owed compensation.

When looking at natural resources more specifically, as I already noted I think agricultural trade barriers and climate change are two clear cut cases where the developed world is currently, and, by all accounts, shortly will be causally responsible for suffering in the developing world. On the other hand, some have argued that the continuing population explosion in the poorest parts of the world may constitute a negative externality going the other way. In any event, historical remedies, like Lockean ones, do not depend on the deprivation or lack thereof of the parties to the dispute, though as a matter of fact most historical injustices like colonialism are committed by wealthy and powerful states.

(b)

Taking Responsibility

Quite apart from outcome and remedial responsibility, we might also say that when a situation is not clearly anyone's fault and yet is not dire enough that it calls for remedy either, it might still be good if people took responsibility for making things better. While one can be optimistic or pessimistic about the prospects of well-intentioned collective action, one cannot deny that often supererogatory individual actions make the world a better place. There is nothing wrong with recognizing those who take it upon themselves to remedy situations that call to them to be remedied, even if they do not call to each of us.

The extremely skeptical among us might worry about whether one should encourage people to meddle where they are perhaps not wanted. For every worthy act of benevolence, there may be an act of misguided interference. The less we know about others, the more likely even the best of intentions can backfire. Traditionally, this has justified taking responsibility locally in soup kitchens and with neighborhood kids. As the world becomes more globalized, we have become more aware of problems all over the world. Learning about other cultures, people, ways of life, orderings of ends can only improve our ability to take responsibility globally.

While some NGOs campaign to put certain deprivations on the human rights agenda, others are focused on taking responsibility for problems not of their own making, yet not so bad that they call for global remedy. Perhaps it is the feeling that people ought to take more responsibility for what goes on around them in the world that leads some to diagnose every ill in the world as either being the outcome responsibility of wealthy nations or as directly calling for remedy. Neither, however, is strictly necessary. Taking responsibility need not be a form of altruism either. One could simply say that it is a way of contributing to the public good through enlightened self-interest. Like all public goods, taking responsibility may be undersupplied on the market. However, like other public goods, it is unclear that public provision improves matters. Saying that in theory a government can internalize the benefits of its public goods provision while private individuals cannot is a long way from saying that this is what would happen in practice: particularly when the agents who might be selected to provide the public good (the UN or NGOs) suffer from a lack of democratic authority.

[Part IV]

Conclusion

The argument presented so far does not take into account all possible intuitions on the subject of global justice and natural resources, but it does account for one factor that has not been satisfactorily dealt with so far: the social construction of natural resources. My view is not, of course, that we can wish and hope our way to permanent abundance with the right institutions. The view of natural resources as socially constructed highlights our role in how we treat the natural facts we know about and underscores that how we deal with uncertainty, luck, and ignorance is a major part of the distribution patterns that we observe.

The view has three major components: sufficientarian, Lockean, and historical. Each of these to some degree argues that what national exclusion and historical injustice has done is deprive people of certain opportunities, in some cases very necessary ones. What frequently must be done to settle the score seems to be to provide individuals wronged with opportunities. Allowing immigration and decreasing import barriers in developed countries seems to satisfy that right in many cases, except when the injustices are historical and documented or where such measures would do very little. The sufficientarian argument provides some reasons to provide individuals with aid in their own countries, as do some aspects of historical injustices (those where actual goods rather than mere opportunities were stolen). Even my Lockean account, as stripped of egalitarian premises as it is, could provide some reasons for positive action, as a consequence of the decision to exclude.

I have tried to incorporate the important and relevant insights of the current literature on global justice and natural resources and concluded that liberalism ought to champion more free movement than it does, as well as support a sufficientarian account of our duties to the global poor (regardless of one's view about domestic egalitarianism), and finally take seriously historical and ongoing injustices that contribute to the betterment of some at the expense of others. There is much to do to meet these standards and many attitudes about natural resources that need to be changed. However, this account does not find many compelling reasons to support radical transfers of wealth and opportunities from the current haves to the current have-nots, at least on the grounds of resource inequalities. Thus my account is consonant with the intuitions of many that despite their many shortcomings Western capitalist democracies are doing a lot of things right and deserve some credit for that. Moreover, by relying on evidence about the value of political and economic institutions, this account resists calls for strong egalitarianism without relying on controversial assumptions about the value of nationality or relative the merits of particular cultures and races.

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