

Justice, Human Rights, and Economic Institutions

By Sanjay Reddy

The international economic system is designed to foster many interests, but the interests of the disadvantaged do not always appear to be the first among them. A minimal requirement of justice is that elementary human rights should be satisfied. The satisfaction of elementary human rights may not be a sufficient condition for justice to obtain. Justice is a demanding idea, as it requires fairness and not merely adequacy.

Economic and social rights such as the right to employment, to adequate nourishment or to basic health care can be promoted in many different ways. A social order that fulfills these rights may nevertheless be unjust, for example because it tolerates systematic inequalities in life chances arising from accidents of birth. The demand that basic human rights be satisfied is minimal. It is entailed by but not equivalent to the demand for justice.

Economic institutions and policies are important factors governing the advantages and disadvantages that are realized by individuals. In order to determine whether existing economic institutions and policies are just, one may ask, whether, at a minimum, they help to achieve and sustain basic human rights. By this standard, many existing economic institutions often appear to fail, as they do not have the fulfillment of basic human rights as a central goal, or even an important one.

For example, current arrangements governing the accumulation and discharge of sovereign debt appear systematically to prioritize the interests of creditors over those of debtors, at some cost to the fulfillment of basic human rights. Although ad hoc debt relief initiatives have emerged from time to time, countries are generally required to repay previously contracted debts in full, irrespective of the origins of the debt, and their current circumstances and needs. In order to justify the harms that result from the inflexible demand that debts be repaid, it is necessary to appeal to the sanctity of contract. However, arguments that rest on such an appeal are not always compelling. Those who ultimately bear the burdens of debt (current and future populations as a whole) may not be the contractors of the debt (often specific persons, acting on behalf of past populations). Although it may be plausible that obligations to repay debts in their entirety are binding on future generations in some cases (such as when the debts have been contracted by a democratically elected government and used in ways that confer lasting benefits for the population) this is less plausible in other cases (such as when the debts have been contracted by un-elected leaders and used in ways that confer no lasting benefits for the population).

Do current economic institutions and policies serve the interests of the less advantaged? Answering this question implicitly requires the assessment of a counterfactual - a statement concerning what would be the case if institutions and policies were different from those that currently prevail. This counterfactual is inherently challenging to assess, as the evidence needed to assess it can only be identified indirectly.

For example, we may ask whether current institutional arrangements and policies are causing poverty and disadvantage to diminish over time, and whether what we know about the effects of institutional arrangements and policies (both on the basis of comparative evidence and general reasoning) suggests that alternate arrangements and policies are unlikely to do better. Unfortunately, current evidence does not provide clear answers to these questions, despite frequent assertions to the contrary. Thomas Pogge and I have argued (see www.socialanalysis.org) that current estimates of global income poverty are flawed, and provide an inadequate basis for answering such questions. Even so, estimates of the extent and trend of income poverty present a decidedly mixed picture. Whereas substantial reductions in income poverty have been registered in some parts of the world (most dramatically, in China) there have not been corresponding reductions elsewhere (such as in Latin America and Sub-Saharan Africa). As many of the countries that have performed poorly in the reduction of human deprivations have significantly liberalized barriers to trade and capital flows in the last twenty years, it is difficult to argue that inadequate economic liberalization is the primary reason for this failure. Rather, it seems likely that significant reductions in human deprivation require complementary or alternative policies and institutions. Recitation of the mantra that "growth is good for the poor" is unhelpful in addition to being uninformative.

Advocates of basic human rights must unavoidably turn their scrutiny to detailed issues of policy choice and institutional design, which are too important to be treated as the exclusive province of economists and technical experts.

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