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The Coming World Welfare State
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The “welfare state” as a term has a negative ring to it, at least in the United States. It is commonly thought to support sloth. In this paper, however, the term will be used in its strict Hegelian sense as referring to institutions which support and help preserve entrepreneurship and gainful employment in the market place by protecting the market from its worse consequences. A successful welfare state protects the unemployed from poverty by temporary measures giving them an opportunity for re-education for real jobs in a new economic landscape.¹ The principal step which I take nearly two hundred years beyond the historical Hegel is to conceive the real possibility of a global welfare state.

1. *Thomas Pogge and the Libertarian Case Argument for Fighting World Poverty.* In the United States the issue of global justice continues to be addressed in a somewhat provincial manner. Thomas Pogge, for example, seems to address libertarians. He does not assume that libertarian moral theory is true. Indeed, he does not argue fundamentally for any particular moral theory at all. He takes it as given that many normative ethical theories remain in contention today. But he suggests that libertarians pose the toughest challenge to advocates of global justice. If they, as exclusive ethical egoists, can be convinced to join the fight against world poverty we are virtually home free, since it is presumably a far easier task to convince utilitarians, Kantians, altruists and others. He assumes that libertarians admit no positive duty to help the world’s poor, but that they do admit a negative duty not to injure others. They object if the state taxes the product of their labor, interfering with their pursuit of property. But, to be consistent, they therefore must also object to anyone who would injure the property pursuits of others. He believes it can be shown that the industrialized nations, by controlling international financial institutions, have established an unequal playing field in international trade that seriously damages the prospects for economic growth among the world’s poorest nations. He then concludes that even libertarians should support efforts to reduce poverty in the world.²

This argument may or may not appeal to libertarians. Yet libertarianism has never enjoyed wide appeal outside the United States. Most of the world has adopted some version of Hegel’s argument for the welfare state. This argument is also based on negative duty of non-injury. The nation-state injures the economic prospects of some citizens by exposing them to the risks of international trade, therefore the nation owes a positive duty of compensation based on the negative duty.

Yet the negative duty of non-injury is not ultimate for Hegel. The duty of non-injury derives from the positive duty of the just distribution of beneficence to others. It follows from the duty to help others that, failing to help them, we at least ought not to harm them. But the duty of beneficence is not ultimate for Hegel either. For Hegel ultimately negates the self’s negation of the other in the pursuit of his or her inclusive self-interest, embracing other persons in an inclusive self-identity. The rational self converts to the pursuit of self-interest understood inclusively by identifying with the universal system of the rights of all. It follows that in apparently helping the other we are really helping ourselves.

I have developed this argument by proposing that for the wealthiest nations to lift the world's poorest nations out of poverty is in their own interest, since it helps empower credible dialogue partners among the world's poorest. It thus optimizes the pursuit of true belief, and of hence successful policies, by the richest nations. By reducing relations of domination (lordship and bondage), it helps eliminate imposed belief systems in the poorest nations, which are a disservice to the pursuit of truth. But in arguing in this way, contrary to Pogge I have opted for a particular normative ethical theory, namely, a dialogical human rights ethics, as my choice of a theory with which to rationally conclude the history of normative ethics.³

I have concluded that something is wrong with libertarian theory. To try to convince libertarians to join the fight against world poverty is similar to accepting, for the sake of argument, a principle underlying crime—namely, that the criminal should pursue to his or her own exclusive self-interest without interference—and then arguing that that the criminal should universalize the principle and support even the world's poorest in pursuit of their exclusive self-interest without interference from wealthy nations. Many years ago, John Hospers, the first Libertarian presidential candidate, admitted that the exclusive ethical egoism at the basis of libertarian thought is basically self-contradictory. The libertarian in a wealth Western nations *both* advocates his or her own pursuit of exclusive self interest without inference by others *and* advocates that others, including citizens of the poorest nations, should pursue their own exclusive self-interest against the libertarian's exclusive self-interest as wealthy libertarians obstruct the same pursuit by poor nations through their control of institutions like the World Bank. The pursuit of exclusive self-interest as an ethical theory results in the egoist's contradictory opposition to his own exclusive self-interest.⁴

I admit that I would like to convert American libertarians and others to cosmopolitan dialogical human rights ethics. I would then argue that, just as a national welfare state tends to reduce lordship and bondage domestically, a global welfare state would do so internationally—as we, to be more rational, call into existence and address a universal audience rather than a merely local audience in our speech acts. It is rational to leave no voice incapable of being turned, no stone unturned.

Leading scholars in the matter of world poverty have now made very concrete proposals for fighting poverty in developing nations. Peter Singer as a utilitarian makes this appeal directly, arguing that the poverty in the nations that are the worst off could be eliminated in the time frame allowed the United Nations Millenium Goal if comfortable Americans each gave merely a small percent of their income, beginning with one percent for those earning a hundred thousand dollars a year.⁵ Thomas Pogge has argued for a Global Resources Dividend (GRD) collected by poor countries from the consumption of natural resources by wealthy nations.⁶ Such practical proposals or variations upon them might succeed, but the problem is to get people to adopt the proposals. That is a problem of applied ethics regardless of one's theory. In arguing for human rights ethics as true ethical theory, I do not suggest that we should wait for utilitarians, libertarians, and others to convert to that theory as a precondition to motivating wide numbers of people to combat world poverty. Since, rightly or wrongly, different ethical theories still circulate, we need to meet people where they are, and in this sense Pogge's attempt to motivate a war of poverty by libertarian arguments is worthwhile if it succeeds.

2. *The Dialectic of World Trade.* When Hegel says he is not interested in the historical origin of the state⁷ he is referring to the contingent empirical origin of any

particular state. But he is very much concerned with the self-moving dialectical history or development of the state reconstructed through the prism of logical categories in his science of logic. I have argued elsewhere that such a dialectical development is inferentially necessary by certain variations on indirect proof. Further, it is self-moving in that each step is motivated merely by an awareness of what has already been derived to that point in the dialectic. In other words, inferences are not externally motivated by the assurance of some author of an argument that a certain conclusion can be derived from given premises.⁸

By the dialectical method we subjectively reconstruct and rethink an objective dialectic. Using this method in the present paper, I shall reconstruct an inferentially necessary history eventuating in the concrete concept of a rational world state, a concept which in Hegel's time was no longer on the agenda of world history after the defeat of the Napoleonic project. That defeat served to spare the nation state for at least another century and a half. Our aim is thus to demonstrate the method's potential as a fully scientific method for achieving results beyond those which Hegel himself anticipated in his systematic philosophy.

Let us look at the dialectic of trade. The original family in prehistory, consciously sufficing for itself for the economic satisfaction of the needs of its members, is the original position from which a world state dialectically develops. For us today as we scientifically look on, but not for the original family of prehistory, that family is already dialectically destined to generate a rational state on the global level. Knowing what we as practitioners of the dialectical method know today, we posit the essential potentiality, the real possibility, of a world state *upon* the human family as it first appears before the dawn of history.

The actual order of international sovereign states is now crumbling as the seams, foreboding something else to come. To grasp the principle of the impending world welfare state is to rethink a dialectical thought process. Such a process, as conceived by Hegel, proceeds as follows:

1. The abstraction of an incomplete self-concept.
2. The absolutization of that abstract self-concept as an alleged complete self-concept
3. An equation of the self thus conceived with the absolute outside of which there is nothing.
4. The abstraction of the other, of something to which that abstract self-concept is inseparably related but which it omits
5. The negation of this determinate other
6. The self-negation of the self with its absolutized abstract self-concept at the hands of the return of the inescapable other
7. The self's negation of its negation of the other. In one's self-concept one thus expands to include what one previously omitted.⁹

This dialectic may seem very abstract, but it can be concretely illustrated by a pattern made familiar to us by psychoanalysis. 1. One forms an abstract concept of oneself as incapable of hostility to a loved family member. 2. One then absolutizes that abstract self-concept as the complete or absolute truth about oneself, excluding anything contrary to it. 3. One then equates oneself under that abstract concept with the prenatal delusion of the absolute, with omnipotent self arising from the oceanic feeling in the womb. 4. Soon one experiences the anxiety of discovering the reality of a contrary hostile impulse, 5. which is alleviated only when one represses (negates) it into the unconscious.

6. Yet the impulse does not go away but returns to haunt one, negating the individual's abstractly or incompletely conceived concept of him- or herself as a whole. 7. Therapeutically, one finds a resolution in negating the negation of the other, disowned dimension oneself, and in re-conceiving oneself more completely as embracing that other dimension.¹⁰

Now let us see how such a development unfolds in the dialectic of trade, indeed a psychoanalytic dialectic.¹¹ I believe that my analysis is Hegelian, though without being fully explicit in Hegelian texts. 1. Members of the family in prehistory first conceive the family abstractly as an economic unit for the satisfaction of their own needs. Each family member identifies with the family clan as providing satisfactions which no individual member can provide by him- or herself. 2. The clan members have not yet abstracted any other persons outside the clan to which they are internally related. They take the clan as a unit of economic production to be self-sufficient or absolute. 3. Further, as Emile Durkheim saw, clan members reinforce solidarity with one another by optimistically viewing the clan as the invincible absolute capable of triumphing against all odds.¹² 4. Yet clan members harbor undiscovered consumer desires which emerge into consciousness only when they come to discover within themselves a state of want in comparison with some consumer satisfaction observed in another clan. Those consumer satisfactions are encountered as the *other* of the first family as the abstractly conceived absolute. 5. Clan members first fixedly maintain an attachment to their clan as the absolute by tossing out of mind, repressing, or negating the wish for alien consumer satisfactions. 6. But as the negated consumer desires to do not disappear but return to haunt clan members, the equation of the clan with the absolute negates itself.

7. Clan members then negate the absolutized clan's own negation of unsatisfied consumer desire. They negate the group's self-absolutization by *de-absolutizing* the clan as a self-sufficient unit of production. They do so by inviting trade relations between clans now conceived as different households in an emerging civil society or market place, with the aim of meeting the growing sophistication of the wants of its members. Another household that can satisfy a first household's insidiously expanding consumer demand through trade is an *other* that is now reflected within a more concrete concept of what constitutes a self-sufficient unit of production. That unit, no longer lying merely in the family, is discovered in establishing definite channels of trade between families now conceived as households.

The seed of the corruption of the sovereign family as an independent household thus begins as family members begin to look afar, enviously contrasting themselves with members of other households that have productive capacities that are in some sense greater. The family first conceived itself under the abstract description of being a producer goods and services for itself (instance abstraction) and at once absolutized itself as the only producer of goods and services for itself (instance absolutization). It at first negated the suggestion of an internal or essential relation to another household as another producer of desired goods and services for itself (negation of the other instance). But, as that suggestion lurking unconsciously in the psyche of clan members did not go away but on the contrary built up steam, clan members found a solution by negating the negation and acquiescing in the satisfaction of newly established channels of trade.

Any given household is upon itself (*an sich*), though not yet for itself (*für sich*), related to these other households not only quantitatively as a series of repeated ones but qualitatively through consumer desires which it has not yet discovered. It discovers such

desires through its chance proximity to other households, through the observation of, and vicarious participation in, satisfactions which its members do not actually enjoy. Each household is now qualitatively what it is through the others. Commerce between households to their mutual satisfaction is then abstracted, absolutized, and fixed in mind as a new way of identifying the absolute in which trading partners invest themselves.

However, the mutual consumer satisfaction of two households exchanging goods and services is for us, as we look on employing the dialectical method, at risk of reaching its limit in the offer of more attractive products and services by a third household. The better offer is the threatening *other* of any established partnership in trade. Yet the attachment of the first two households to their common satisfaction in established trade makes a household at first oblivious to any better offer from without. When that external offer actually presents itself, the mutual attachment of those two households to their established satisfaction in trade initially results in an impulse to negate the possibility of a superior offer elsewhere. Yet that offer comes back to haunt both the household with the inferior offer and the household accustomed to the inferior offer. Since any provider of goods and services to a second household in a market place is internally related to the real possibility of a better offer coming from a third household, that provider falls into self-negation by negating or repressing the real possibility of unwelcome providers in households outside established trading partnerships.

Negation of the negation of the better offer occurs as the provider who is no longer preferred admits the reality of sudden unemployment resulting in *market-induced poverty*, in a painful decline in trade, and in its income-backed demand. The poverty of an isolated household prior to commerce may be real, but it is unconscious as long as natural catastrophe does not strike. The sudden poverty of a trading partner who has grown used to plenty is acutely self-conscious. The market place, with the alternating poverty and prosperity of different households, subjects prosperous households to the risk of impoverishment, and thus generates a desire for security against this risk. Trade is an avenue to increased wealth periodically interrupted by falls into relative painful poverty. The initial attraction of trade is that it increases the wealth of household members who enjoy products which their household either cannot efficiently produce. Households as trading partners become addicted to income from trade. But the trade-generated wealth of households is internally linked by the expanding market to the risk of trade-generated poverty.

Periodic market-induced poverty is acutely felt by its contrast with the still fresh memory of the market-induced wealth. Members of an independent household prior to commerce may appear to be poor to us, but since they know nothing else they are usually not poor for themselves. At most they may know rare natural calamities such as droughts or floods. They are thus subject to permanent or temporary ecologically-induced poverty which cannot be resented, since it is due to impersonal forces of nature. They are not subject the market-induced poverty with resentment towards past trade partners who have gravitated towards other producers, and with envy of consumers in other households.

Each household becomes fixated on the attractive concept of increasing household wealth through trade, to the point of repressing the inseparable risk of market-induced poverty. It self-contradictorily abstracts and absolutizes what attracts it in negation of the unpleasant but related thought of what repels it. The prospect of increasing free market wealth essentially is what it is only in and through the risk of sudden free market poverty. But households reduce anxiety by repressing the risk of market poverty into the

unconscious. A once exuberant household corrects the self-contradiction only by a rude awakening to the risk by actually falling into market-induced poverty. Negation of its negation of the risk, raising the risk into conscious view, is an act of reason, although it results in anxiety. The anxiety is reduced to a tolerable level when households accept regulation of the free market by what Hegel calls the external state, which insures households against risk.

The external state provides a safety net in any actual case of market poverty. The repressed risk is admitted into consciousness only to the extent that it is mitigated through the regulation of trade by the state. Individuals, no longer identified with the family, continue to identify with their private self-interest as consumers without identifying with existing partnerships in trade. As long as the state remains external they do not identify with the state either, but rather view it as a useful tool for the protection of private consumption.

The same dialectic which we have seen lead from the family through the market to the external state unfolds on a higher level as the national family, the nation, rejects its initial self-concept as a Fichtean closed commercial state,¹³ develops envy of affluent consumers in other nations, and is lured into trade with other nations in order to satisfy new consumer demands. Envy of what consumers in other nations have is the corrosive force internal the closed commercial state, leading to its undoing. The nation, yielding to expanding consumer desires, becomes responsible for its own periodic international trade-induced pauperization, much as the individual household before the domestic external state risked pauperization due to falling trade between households. But, much as household impoverishment could only be corrected by local state regulation, protection against the impoverishment of nations is possible only through constructing a global civil society along with a global external state for its regulation.

3. *Contemporary International Financial Institutions and the External World Welfare State.* Political globalization regulating economic globalization arises through institutions of world governance including the World Bank, the IMF, and the WTO. The WTO aims to increase global wealth by promoting free trade.¹⁴ But the continuing need for the World Bank and IMF testify to the fact that free trade by itself, though helping to create the wealth with which to abolish world poverty, does not suffice. Trade, we have seen, inherently exposes any trading partner to the risk of impoverishment. The World Bank aims to lend to the poorest nations permitting them to invest in development and thus bring new products and services to the world market. Since even fairly developed nations such (e.g., Argentina) can fall into poverty due to an inflation-driven collapse of its currency, the IMF helps stabilize such a currency so foreign investors are not discouraged by the prospect of being repaid in worthless money.

As prospects for an expansion of world trade dim in the current global economic downturn, the roles of the World Bank and IMF loom larger. This has recently been illustrated through increased funding of the IMF through the mechanism of special drawing rights (SDR). As faster growing emerging national economies invest in these instruments, the preponderance of power in the IMF begins to shift away from the mature Western nations, to some degree leveling the playing field.

The World Bank and the IMF form the beginnings of a global welfare state paralleling the domestic welfare state of which Hegel was the first major theoretician. With the reinforcement of national sovereignty in the post-Napoleonic world Hegel was incapable of contemplating a welfare state on the global level. Since World War II,

however, emerging institutions of world governance (not world government) have created a fourth institution of ethical life of which he knew nothing. Hegel already recognized in his own time the emergence of global civil society.¹⁵ But he saw three stages to the development of civil society: trade (“the system of needs”), trade protected the legal protection of private property rights (“the administration of justice”) and the provision of welfare in case of poverty (including the ‘*Polizei*’ or public authority).¹⁶ Global civil society in his time had advanced to world-wide trade and to the protection of property rights at least through the international customary law of civilized nations. But it had not advanced to a global public authority. This is what is now happening. Even for Hegel, however, such a public authority did not imply a truly internal or rational internal state. The theory of the public authority responsible for welfare was rather developed in the context of the external state.

Current international financial institutions are often accused of being beholden to Western economic interests. Historically considerable evidence exists to support this claim, but there is equal evidence of a current though gradual shift of power towards emerging nations. Much as Hegel was concerned with the concept of the state rather than its empirical origin, we are concerned today with the concept and function of a world welfare state rather than with its origin in the service of Western interests. A true public authority must not privilege the private interests of any agency subject to that authority. A true domestic public authority of private corporations or lobbies in civil society, and its equivalent internationally, must be free of domination by any one nation or group of nations. This is the essence of a public authority, even though empirically no world governance authority may ever fully exist in conformity with that essence.

The cause of a global public authority currently represented by current international financial institutions (IFI) falls short of a world state in the full sense of a rational internal state with which people in all nations can identify. World governance is not world government. Nations are still identified with their competing national self-interests, but have initially resolved to use existing institutions of world governance as a tool. Yet a transition to an internal world state begins as nations become aware that the tools of world governance are not external to the end of welfare but are inescapable.

Ratification of these institutions is at first voluntary, but the evolving international customary law of civilized nations initiates a creeping one-worldism already subtracting from national sovereignty. We see evidence of this when a nation’s attempted withdrawal from international human rights conventions come to be seen as a criminal act punishable at least by isolation. The wish of the rogue nation to be restored to fellowship in the international community (e.g., Kadafi’s Lybia) can result in a new identification with world governance. But insofar as the officers of world governance institutions are not elected but remain as faceless bureaucrats, such identification will remain imperfect. It can be perfected by projecting global parliamentary institutions in a regulatory function on top of existing economic institutions of world governance. An eventual internal world state regulating and giving a human face to economic globalization completes the work of political globalization. We should refrain from advocacy such a state as a mere *ought* (*Sollen*). Yet we may predict increasing pressure in that direction in the coming years as a response to a doubling of political alienation currently experienced by the peoples of the world: alienation from national governments perceived as incapable of securing the welfare of their citizens, compounded by alienation from unelected world governance alone capable of seriously addressing common world problems.¹⁷

4. *The Dialectic of World Trade and the United States.* We have seen that a moral duty to refrain from injury leads to a positive duty to compensate in case of injury. The family acquires a positive duty to hand the sovereignty which it has lost to increasing individual consumption (by acquiescing in trade with other households) over to the sovereignty of the domestic state. The family has failed to prevent injury to its members as consumers. Failing to control consumer envy among its members, it surrenders to the vice. The authority structure of the family erodes under the impact of the consumerism of its children. Bereft of sovereign authority over its members, the family protects them from the risk of market-induced pauperization by transferring its sovereignty to the external state.

Hegel held that the sovereign nation state periodically injures untold numbers of its domestic households by accepting regime of international trade, and thereby acquires a positive duty to regulate its domestic market and compensate the injured individuals by creating a safety net. But the consumer envy of its own citizens pushes the state to acquiesce in the emergence of a global market. Ultimately the nation state can continue to protect its members only by yielding a measure of sovereignty, not merely to free trade, but to world governance regulating world trade.

The most powerful nation on earth is no exception to this dialectic. The conditions of recovered prosperity do not lie within American borders. A relative decline in America's dominant economic position may support an increasingly dialogical relation with the rest of the world. Even if America is less able to dictate its terms to the world, there is currently no alternative to American world leadership. But increasingly the leadership provided by an American President may take the form of an orchestra conductor. The innovation of the present Administration internationally is that it wants to listen. Domestic criticism of Obama's overtures to the world in early 2009 betrayed the fact that the United States had an established posture of domination relative to most of outside world. When the President went to the G-20 meeting in London in March 2009 and the inter-American conference in April, domestic commentators asked if America was going to "get its way" with the foreign governments. Was the new commitment to dialogue going to betray "weakness" on America's part? Was not dialogue on an even playing field actually a sham in view of the fact that the United States remains by far the most powerful nation in the world?

It is a dangerous state of affairs when the most powerful of nations is incapable of dialogue with its weaker international counterparts. For any nation has a positive duty to itself, in order not to fail in its undertakings, to base its policies on true belief. The success of American foreign policy vitally depends on dialogue with countries less powerful than it. Suppose true dialogue with such countries were a geopolitical impossibility. Suppose some iron law of political realism condemned America to never deviate from seeking to impose its will. Suppose foreign leaders were only capable of telling Americans only what they wanted to hear, thus assuring military and foreign aid helping them maintain their place in a feudal hierarchy. Then America might achieve the objective knowledge of the claims of those at the base in the hierarchical pyramid of those nations only when those claims are expressed in food riots, in a failure an invading military to be accepted as liberators, or in a collapse of allied governments.

Fortunately dialogue by the powerful with the weak is in some degree possible even before the weak are empowered by the progress of world trade. It is possible once the powerful resolve to listen, and thus to empower the weak by listening. Dialogue

subordinated to the will to power, for example as a means of defeating the enemy by knowing what it is thinking, is inauthentic. For those who seek to impose their beliefs do not question their beliefs as anyone must do in embarking on genuine dialogue. When the will-to-power yields to authentic dialogue, a quest for a rationally-motivated consensus replaces exhaustion in an unending us-them syndrome.

5. *The Role of the Private Sector in Fighting World Poverty.* I started out by saying that a successful welfare state does not suppress free enterprise, but rather protects it from its periodic dysfunctionality. This is also true of a world welfare state. International financial institutions usually do not have to intervene. I want to conclude by pointing out an important way by which free enterprise—supported by bilateral agreements between a wealthy investing country and a poor developing nation without a significant role by the World Bank, the International Monetary Fund, or WTO dispute settlement—can contribute to poverty reduction in the world.

Potentially, governments without a strong native human rights culture may feel pressure to implement human rights when bilateral government-to-government foreign aid or aid channeled through international financial institutions comes with human rights strings attached. In practice, however, there are two serious limitations on human rights progress and poverty reduction through lending by international financial institutions. First, much depends on which human rights are to be made a condition of credits. An important difference exists between 1. making credits available to a developing country based on respect merely for civil rights (including free trade) and democratic elections and 2. allowing credits to developing nations without also asking them to build down their social safety nets or local welfare states through trade liberalization. The first of these two types of loan has an unclear relationship to poverty reduction in the medium term.

A second limitation on poverty reduction through extending credits to developing nations affects government-to-government foreign aid. Such may be politicized in the national interest of the donor, as a means of solidifying the loyalty of client states. This is widely believed to happen in the case of Chinese foreign aid to African nations, but it is also a risk in the case of nations like the United States and France with a long-standing indigenous human rights culture.

A useful distinction exists between “public interstate trade” and “private international trade.” Chinese trade with Sub-Sahara Africa illustrates interstate trade, as does much French investment in West Africa. The purpose is sometimes political. But the motive behind private international trade is more purely economic, not political. Developmental international trade occurs between a private company in a developed country and an underemployed work force in a developing country. It is not trade of goods for goods. It is trade of infrastructure and income for labor services. The governments involved facilitate the trade, but the aim is only to increase corporate income and the income of local labor. Trade is not used to enhance the state power of a developed nation or to maintain the government of an underdeveloped client state in power.

Actions by lending/donor governments and international financial institutions would be insufficient to eliminate world poverty even if they were free of geopolitical considerations of great power politics. A world welfare state or “public authority” is not intended to replace the market place, but only to regulate it. Free market solutions without bureaucracy are better if they reduce poverty, but because they do not always

work regulation becomes necessary. The case for private investment is a case for complementing, not replacing, both government-to-government foreign aid with human rights strings attached and investment by international organizations based on similar human rights criteria. It recognizes that anticipated levels of both foreign aid and aid by international financial institutions are insufficient to result in adequate economic growth, to raise incomes, and to create new consumer markets in world trade. It also recognizes that private companies are better able to judge the profitability of private ventures in developing nations.

What I shall call “mini economic colonialism” is an attractive mechanism for the gradual creation of new markets for goods exported by developed countries. With the Doha round talks stalled and a greater than expected global downturn, such talks are not likely to be resumed in the short term by countries willing to go out on a limb in further reduction of protectionism. As a result bilateral trade becomes more important, and private investment may have a greater role to play alongside government-to-government aid.

The WTO provides a mechanism for increasing world trade by reducing protectionism. But this mechanism works more easily in a context of prosperity than in a context of global economic downturn. If trade is occurring, trading nations are self-confident and can be persuaded to accelerate its increase by reducing protectionism. If as in the current global downturn trade is decreasing, that self-confidence is lacking. New protectionist measures may be avoided only with great difficulty, but in any case existing protectionism is not likely to decrease.

Classical political colonialism is no longer on the world’s agenda, and this has undermined the reputation of “colonialism” in general. Yet I will argue that an important key to development is mini economic colonialism. An individual company in a wealthy nation identifies a consumer market in its own home country. It then establishes a production facility in a low-wage region of a developing country, but, roads, infrastructure, utilities, housing, training, trade channels and distribution channels to the consumer market in the home country. Foreign entrepreneurs have the advantage of being better able than the local entrepreneurs in countries with traditional family structures to accumulate capital without having to share income as a member of an extended family—even though they may still have to confront bribes as part of the usual course of business in some developing countries.

Competitive mini economic colonialism is a profit-directed mechanism for economic, social, and cultural development. Classical political colonialism can be prevented as long as the developing nation diversifies the companies and nations providing the investment capital. Since morality—whether by libertarian ethics, utilitarian ethics, human rights ethics, or whatever—in practice has a limited influence on behavior, finding that a moral cause can ride piggyback on more material interests is always welcome.

The so-called barter terms of trade show that the price of non-fuel agricultural goods and raw materials, like watermelons in the Senegal,¹⁸ tends to decrease while the price of manufactured goods from wealthy countries produced with expensive and highly trained labor tends to increase. These terms of trade are thus stacked against underdeveloped countries that do not export manufactured goods. Still the income terms of trade may favor commodity exporting developing nations if the increasing volume of commodity exports compensates for the adverse barter terms of trade.¹⁹

The three principal ideal values to which the people of a recently independent developing country are committed are typically 1. preservation of its local independence within a global external state, 2. economic, social and cultural development, and 3. democracy. Yet, without mini economic colonialism, only two out of the three objectives are possible. If it chooses *development and democracy*, it must sacrifice independence, since it must depend on foreign investors. If it chooses *development and independence* it must sacrifice democracy, since it must be repressive in order to restrict consumption and to raise internally generated investment capital. And if it chooses *independence and democracy* it must sacrifice development, since it must forgo both foreign and internally generated investment capital. However, this dilemma can be circumvented if foreign investment takes the form of competitive economic colonial development. All three objectives can then be simultaneously pursued.

Democracy is possible because the government does not have to force the present generation to pay for the economic developed enjoyed by future generations. Independence becomes possible because the government is not beholden to a single colonial power or multinational corporation. Economic development is possible because non-coercive foreign investment takes place. And all three values are pursued more securely against the backdrop of a growing world welfare state.

¹G. W. F. Hegel, *Philosophy of Right*, trans. T. M. Knox (Oxford: Oxford University Press, 1951), §230-§248, particularly §238.

²Thomas Pogge, "World Poverty and Human Rights," *Ethics and International Affairs*, vol. 19 (2005), no. 1, pp. 1-7.

³Clark Butler, *Human Rights Ethic: A Rational Approach* (West Lafayette: Purdue University Press, 2008).

⁴John Hospers, *Human Conduct* (New York: Harcourt Brace, 1996), pp. 67-68.

⁵Peter Singer, *The Life you Can Save* (New York Random House, 2009).

⁶Thomas Pogge GRD

⁷"But if we ask what is or has been the historical origin of the state in general,... all these ideas are no concern of the Idea of the state." G. W. F. Hegel, *Philosophy of Right*, §258.

⁸Clark Butler, *An Introduction to the Logic of Hegel* (El Cajon, CA: National Social Science Press, 2008), p. self-moving

⁹Clark Butler, *An Introduction to the Logic of Hegel*, p. Ibid. Steps of dialectic

¹⁰Clark Butler, "Dialectical Logic as the Logic of Psychoanalysis," Association for the Study of the Unconscious, American Philosophical Association, Eastern Meeting, New York, December 28, 2009.

¹¹The family may seem to have existed in prehistory apart from the market place of civil society and the state. But latent consumer desires even in prehistory mean that the market place and state are from the beginning potential within the family. The prehistorical family is not an ingredient *moment* of the state for itself, but that is what it upon itself (*an sich*) for us as we reflect on the state which the family has grown up to be. "Originally the family is the substantive whole whose function it is to provide for the individual on his particular side by giving him either the means and the skill necessary to enable him to earn his living out of the resources of the society, or else subsistence and maintenance in the case of suffering a disability. But civil society tears the individual from his family ties...." G. W. F., Hegel, *Philosophy of Right*, §238.

¹²“[T]he god is only a figurative expression of the society.” Emile Durkheim, *The Elementary Forms of the Religious Life* (London: George Allen & Unwin, 1976), 226.

¹³Johann Gottlieb Fichte, *The Closed Commercial State*, 1800.

¹⁴The lead economist pictures poverty reduction more as a side-effect of trade liberalization than a WTO goal. “The WTO is not a development institution. It does not provide development assistance and its daily operational work concentrates on the operations of the multilateral trading system. Even in the context of Aid for Trade, which indeed is being discussed at the WTO, Pascal Lamy has made it clear on a number of occasions that the WTO was not a development institution. Regardless of what Pascal Lamy thinks, the mandate of the WTO is enshrined in the Marrakesh agreement (1994), which clearly delineates the ‘mission’ of the institution: The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries’ commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. They prescribe special treatment for developing countries. They require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted, and through regular reports by the secretariat on countries’ trade policies.... The WTO’s founding and guiding principles remain the pursuit of open borders, the guarantee of most-favoured-nation principle and non-discriminatory treatment by and among members, and a commitment to transparency in the conduct of its activities. As a consequence of its activities (the opening of national markets to international trade) and only as a consequence, the WTO will encourage and contribute to sustainable development, raise people’s welfare, reduce poverty, and foster peace and stability. These are just presumed favorable consequences that are not directly related to the mandate of the institution. The WTO has no mandate on issues such as sustainable development, economic welfare, poverty reduction, peace or stability. But of course, the WTO does not operate in a vacuum either. The fight against poverty remains an overarching objective of the multilateral cooperation effort among states and the WTO is perceived by its 153 members as contributing to this fight through its narrow mandate” (Jean-Pierre Chauffour, Lead Economist, World Bank, personal communication, August 17, 2009). But when something intended under one description (trade liberalization) is known to exist under another description (tending to poverty reduction) it may be considered to be intended under the second description as well.

¹⁵G. W. F., *Philosophy of Right*, §246.

¹⁶*Ibid.* §188.

¹⁷Clark Butler, “World Governance, World Government,” in *Human Rights Ethics: A Rational Approach*, ch. 14.

¹⁸Pascal Fletcher, “Senegalese Farm Shows Benefit of Targeted Aid,” *International Herald Tribune*, September 3, 2008. archive.wn.com/2008/09/05/1400/accra, accessed August 29, 2009.