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Economic Statecraft: Human Rights, Sanctions, and Conditionality, Cécile Fabre. Harvard University Press, 2018, 214 pages.
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Over the course of two decades, six monographs and many articles Cécile Fabre has been a staunch defender of cosmopolitanism and individual rights. Her rights-based theory of cosmopolitan justice takes fundamental rights and their correlative duties as the starting point of moral reasoning. In her most recent book, *Economic Statecraft*, Fabre discusses what justice thus conceived implies for the use of economic foreign policy tools. She argues that the protection and enforcement of fundamental rights sometimes justifies the use of sanctions and the conditionality of aid and loans. Some fundamental rights are at first glance in tension with economic sanctions and conditional economic offers. Sanctions interfere with property rights and in particular with the right to trade. Conditional aid and loans interfere with the recipients' rights to some of the resources of the affluent. But Fabre shows that upon closer inspection some of those seeming tensions dissolve and where the tensions are real she presents solutions.

With *Economic Statecraft*, Fabre once again makes important contributions to philosophical debates on the protection of human rights. She can be commended for calling attention to sanctions, aid and loan conditionality; policy

tools which, despite their widespread use, have received little philosophical attention and hardly make the headlines in the news. Fabre's book convinces the reader that these topics are of great practical importance and worthy of the thorough philosophical scrutiny she subjects them to. However, Fabre has done the philosophical groundwork – the development of her rights-based theory – elsewhere. Therefore, readers new to her work or the philosophical debates underlying her discussion may find that some of the arguments proceed too quickly to have full persuasive force. This aside, *Economic Statecraft* is a valuable and very engaging read. The book is rich in examples of actual practices of economic statecraft whose morality Fabre knowledgeably evaluates in light of her theory.

The book is divided into six chapters. After an introduction to human rights, in particular the right to property and the right to assistance, Fabre applies her rights-based theory of justice to primary sanctions (Chapter 2), secondary sanctions (Chapter 3), conditional aid (Chapter 4) and conditional loans as well as debt relief (Chapter 5). Chapter 6 closes the book with a discussion of double standards and hypocrisy in economic statecraft.

Fabre argues in the second chapter that the use of primary sanctions is sometimes a permissible means to deter human rights violations. For those acquainted with her previous work, the arguments are familiar. Primary sanctions are imposed by states or multistate organizations in order to prevent agents under their own jurisdiction from economic engagement with (agents of) the targeted state. Sanctions come in many different forms as Fabre illustrates with a host of examples such as US sanctions against Iran and less known sanctions such as those imposed by the African Union against Burundi in 2015 (31). Sanctions impose costs on agents who otherwise would have been free to engage in economic activity. Fabre's arguments for the permissibility of sanctions can be summarized as follows. First, those who commit or contribute to human rights violations with their economic activity do not have the right to engage in such activity and are therefore not wronged by sanctions (40). Second, those who do not contribute to human rights violations can still be required to bear the costs attendant to economic sanctions on the ground that they owe duties of assistance or reparative duties (58–62). Third, even those who have no duty to bear the attendant costs of sanctions, for example innocent citizens of the targeted state, might be permissibly subjected to costs because this is the lesser of two evils (62–65). Just like any measure used in defence of human rights, the permissible use of sanctions is subject to necessity, proportionality and effectiveness constraints (42).

These arguments extend to the use of secondary economic sanctions. Secondary sanctions are imposed by a state or multistate organization on agents who are not under their jurisdiction. Recently, secondary sanctions have become a point of contention between the USA and Europe as European companies investing in Iran are threatened to be cut off from the US banking system. Such secondary sanctions might seem problematic because they constitute an interference with the sovereignty and right to self-determination of the citizens of another state. But Fabre argues that agents have rights against and duties towards other agents irrespective of borders. Third parties may enforce human rights even if neither the victim nor the offender are under their jurisdiction (79). The importance of

human rights can override the presumption in favour of jurisdictional sovereignty as well as multilateralism (87–89).

Economic offers complement sanctions as policy instruments. Aid and loans are policy instruments that states and multistate organizations commonly subject to a range of conditions such as respect for human rights, market liberalisation or austerity measures. In Chapters 4 and 5, Fabre offers a limited defence of aid and loan conditionality. With her discussion of aid and loan conditionality, Fabre makes headway in the debate on duties of justice. Now that it is widely accepted that the affluent owe duties of justice to the global poor, Fabre takes the important next step and asks how those duties of justice should be realized. Conditionality poses an interesting moral problem if one understands, as Fabre does, the resources transferred as the rightful property of the recipients. Those who lack the resources to lead a flourishing life have a claim against the affluent to be assisted. The resources that the affluent owe to those in need are the rightful property of the recipients (15). We therefore have to ask whether the affluent may impose conditions when transferring resources to their rightful owners.

Chapter 4 focuses on aid, by which Fabre means “transfers of resources from sovereign donors and international associations [...] to sovereign beneficiaries, toward the latter’s promoting political, social and economic development with no expectation that the latter will repay the aid” (93). The concern is with development aid rather than emergency humanitarian assistance. Donors are justified to tie aid to the realization of specific human rights-based policies (125). Such conditionality is permissible since the recipients, usually governments of poor states, are themselves morally required to fulfil their duties of justice towards their citizens (100–101).

In contrast to donors, lenders have more discretion when it comes to the conditionality of loans. Lenders can justifiably impose human rights conditionality and repayment-reform conditionality on the loan. Lenders can demand that the borrower carries out reforms that improve the chances to meet repayment obligations and thereby compensate the lender for having to forego the use of the resources for a certain time (137). Such repayment-reform conditionality may not be imposed on unjust loans but unjust loans can still be subject to human rights conditionality. Unjust loans are those that should be given as gifted aid, that are used for unjust ends, such as the loans given to President Mobutu in former Zaire, or that have unjust conditions attached to them, as some have alleged was the case with IMF and Eurozone loans to Greece (141). Debt relief is owed when the loan was unjust (146) as well as when the loan was just but the lender is unable to pay back the loan without jeopardizing their citizens’ prospects for flourishing lives (138). Still, debt relief can permissibly be subject to human rights conditionality since this form of conditionality is permissible even for gifted aid (146).

The discussion of *Economic Statecraft* closes with an exploration of the ‘tu quoque’ charge in Chapter 6. Given that few, if any, states have a clean human rights record, their condemnation of other states’ shortcomings with regards to human rights smack objectionably of double standards and hypocrisy. For example, one might wonder whether French governments of the 1990s have the moral standing to demand democratic reforms as a condition for aid while at

the same time selling weapons to dictators (152). Fabre argues that agents do not always lack the moral standing to condemn those whom they sanction or whom they refuse assistance on the grounds of their human rights record. There can be instances in which double standards or hypocrisy are justified.

Economic Statecraft is most valuable in its discussion of aid and loan conditionality. In those two chapters, Fabre draws attention to a topic that has received comparatively scarce attention from moral philosophers. She offers a thorough analysis of the moral problems that arise in the context of aid and loan conditionality. Because of the topic's novelty there is still ample room for discussion. In the following, I want to show how Fabre's starting point, her understanding of property rights being conditional on the fulfilment of duties of justice, might lead us to conclusions different from the ones Fabre reaches in *Economic Statecraft*. First, I argue that borrowers do not owe repayment to the lender but instead they owe it to recipients-in-waiting. Second, I argue that aid can be subject to repayment-reform conditionality in addition to human rights conditionality. I then propose that we can do away with the distinction of aid and loans as two different duties of assistance that are owed to different groups of recipients and that are subject to different types of conditionality. One should note that Fabre's arguments for the limited conditionality of aid and loans rest on a revisionist conceptualization of property rights which not everyone will accept. Fabre's argument might fail to convince those who hold more conventional views of property rights. In the discussion here, I will take her framework for granted.

According to Fabre, agents who do not have the resources to lead a flourishing life have a claim against the affluent, that they are given or lent resources. Agents who face a liquidity crisis, that is those who cannot pay right now but will in the long run be able to pay, have a right to borrow from the affluent (13). As Fabre writes 'we should construe the duty of the affluent as a duty to fulfil their function of trustees, in this instance by disbursing the resources to their rightful owners' (15). This follows from Fabre's understanding of property rights as being conditional on the fulfilment of these duties of justice. Property rights are grounded in a person's interest to command over the resources needed in order to have prospects for a flourishing life (15). Resources in excess of that are the rightful property of the holder only if they fulfilled their duties to those who do not have sufficient resources (15). The affluent will usually not have property rights to all the resources over which they command. They are merely trustees over the resources given out as loans or aid (15).

Still, Fabre argues that the borrower owes a return of the resources to the lender (henceforth, 'Lender' using Fabre's label). She writes 'Lender is under a duty to loan; by implication it does not have full property rights over [the resources on loan]. It does, however, have a right to be compensated for having to defer the use of [the resources]' (137). This conflicts with her conceptualization of conditional property rights. Loans and aid are financed with resources that are not the property of Lender. This poses the question of whether Lender does have a right to demand compensation for having to forego the use of those resources.

Lender's claim to be repaid seems questionable once we introduce Recipients-in-waiting into our discussion. One can assume that funds are insufficient to offer everyone prospects for a flourishing life. This might be because the affluent do

not have sufficient resources or, more plausibly, because compliance of all duty-bearers cannot be enforced. If funds are insufficient for either of those reasons there will always be Recipients-in-waiting with an outstanding claim to assistance. They have an interest in funds becoming available for them. If Lender now lends resources from the fund to Borrower, Recipients-in-waiting have a rightful claim that the resources are passed on to them once Borrower comes into a position to repay the loan. It is Recipients-in-waiting, and not affluent Lender, who are owed repayment and who can demand compensation for having to forego the use of the resources in the meantime. Admittedly, this might be what Fabre had in mind. For once the loan is returned to Lender, Fabre would probably agree that Lender will be under an obligation to other Recipients-in-waiting in need of loans or aid. Lender's claim to repayment is not based on moral entitlement to use the resources. The reasons to repay Lender cannot be anything but pragmatic. Lender might be best able to manage the trust fund and disburse the resources.

Although I disagree with Fabre that repayment is owed to the affluent lender, I agree with her defence of repayment-reform conditionality on such loans. Fabre argues that 'Lender may justifiably seek to maximize chances that it will be repaid by imposing conditions to that end' (137). Lender's interest in being repaid and in being compensated for having to defer the use of those resources justifies the imposition of repayment-reform conditionality. This justification has even stronger moral pull once we acknowledge that the resources are borrowed not from affluent Lender but from Recipients-in-waiting. Their interest in receiving the resources and being compensated for the time they had to wait weighs more heavily than that of Lender who has sufficient resources to lead a flourishing life. In the interest of Recipients-in-waiting it is right to impose repayment-reform conditionality in order to improve chances that Borrower will repay.

This brings me to my second claim. Contrary to what Fabre suggests, it seems permissible to make aid conditional on repayment reforms. Again, we can assume that due to lack of funds there will be a number of Recipients-in-waiting. Recipients-in-waiting have an interest that the beneficiaries of aid turn into donors themselves. While it is preferable to increase compliance with duties of justice so that more funds are available for those in need, a second-best option is to maximize the chances that the recipients of aid turn into donors themselves. This justifies the imposition of repayment-reform conditionality on aid.

Imagine that affluent state A has resources in excess of what is needed to offer its citizens prospects for flourishing lives. State X and Y are destitute and their citizens are lacking such prospects. State A can give assistance to either of those two states but not both. It provides aid to State X. According to Fabre, State A can impose only human rights conditionality on aid. Since no repayment-reform conditionality is imposed, State X is not required to take steps to increase chances that it will be able to pass on some of the aid received. However, as long as there are Recipients-in-waiting, the lack of incentivizing repayment-reform conditionality appears unsatisfactory. State Y clearly has an interest that State X will turn from a recipient of aid into a donor. It is not unreasonable that State Y, as

Recipient-in-waiting, would demand repayment-reform conditionality being imposed on the aid provided to State X.

To this one might object that repayment-reform conditionality infringes the recipients' full property rights to the aid received. They are no longer at liberty to use their property as they see fit. But considering the need of Recipients-in-waiting such constraint would be the lesser evil. Another objection to this proposal is that there are cases in which it is clear that recipients of aid will not ever come to be donors. At least those, so one might think, should receive aid without it being subject to repayment-reform conditionality. This objection will be true in the case of individuals but due to their longevity it is less of an objection when applied to states.

My proposed amendments to Fabre's conclusions blur the clear distinction between loans and aid. Aid and loans are both intended to enable the recipients to lead flourishing lives. If they come to have resources in excess of that, recipients of aid and loans both owe assistance to Recipients-in-waiting. Furthermore, both aid and loans can be subject to repayment-reform conditionality and human rights conditionality. Repayment-reform conditionality on aid and loans is in the interest of Recipients-in-waiting. The difference between loans and aid seems to consist merely in the likelihood we assign to the recipients' ability to pass on resources to others in the future. And since the discussion of loans and aid as tools of economic statecraft pertains to states rather than individuals, assigning a zero probability to a recipient's ability to pass on resources would be unduly pessimistic. One can discard the distinction of loans and development aid and operate with one unified concept of assistance in the context of economic statecraft. The affluent owe assistance to those in need. Such assistance can be subject to both types of conditionality. Once the recipients are able to spare resources, they in turn will incur obligations towards other Recipients-in-waiting.

My proposal is in some respects more revisionist than Fabre's. It questions the current practice of lending as such since it denies that repayment of loans is owed to the lenders. In other respects, my proposal is more reactionary, suggesting a return to the days when conditionality of aid was used as means of interference in the internal affairs of another state that went well beyond the enforcement of human rights. Whether this is a cause of concern needs further debate. With *Economic Statecraft*, Fabre has prepared the ground for such further debate. Her book will serve as a valuable reference and starting point for those who want to conduct research on the morality of economic sanctions and offers.

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