Taking Economic Human Rights Seriously After the Debt Crisis

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I. Introduction

The financial crisis of 2007–2009 arose from a wide variety of causes. Early on in the crisis, many economists and commentators identified the dollar reserve system underlying the global economy as one such cause.[1] Under this system, nations accumulate dollar reserves to sell in the event of an attack on their currency and to maintain a lower-dollar exchange rate to subsidize export-led growth.[2] Inexorably, this system leads to excessive debt in the United States and drains buying power from the global economy, as massive funds migrate from consumption to savings in the form of dollar-denominated assets that operate to lower interest rates in the United States and encourage excess debt.[3] This article seeks a means of ameliorating the negative effects of this system, and avoiding otherwise inevitable crises emanating from it.[4] In sum, this article argues for creating a more macroeconomically-

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1. Martin Wolf, *Why the Credit Squeeze is a Turning Point for the World*, FT.COM (Dec. 11, 2007, 7:24 PM), http://www.ft.com/cms/s/0/90126fca-a810-11dc-9485-0000779fd2ac.html #axzz1BVIo9Zno; *see also* NOURIEL ROUBINI & STEPHEN MIHM, CRISIS ECONOMICS: A CRASH COURSE IN THE FUTURE OF FINANCE 34 (2010) ("Over the course of the last decade, China, Japan and Germany had accumulated massive stockpiles of savings that were lent back to the United States, financing budget deficits and excessive borrowing by everyone from households to corporations. In effect, China lent Americans the rope they used to hang themselves.").

2. Moritz Schularick, *The End of Financial Globalization 3.0*, ECONOMISTS' VOICE 1, 2 (Jan. 2010), http://www.bepress.com/cgi/viewcontent.cgi?article=1551&context=ev.

3. JOSEPH E. STIGLITZ, MAKING GLOBALIZATION WORK 245–68 (2007).

4. ROUBINI & MIHM, *supra* note 1, at 267 ("Far from being a once-in-a-century event, the recent financial disaster may be a taste of things to come.").

robust global economy based upon more widely distributed growth and consumption through the vindication of economic human rights.

In September 2005, the World Bank released a remarkable report entitled *Equity and Development.*[5] The gist of the report is that the market fundamentalism that dominates the global economy permits human potential to languish on the margins of the global economy without remediation.[6] Indeed, it seems empirically clear that free markets alone often lead to entrenched elites that impose economic conditions hostile to maximum output and growth, rather than an optimized system of incentives and disincentives, despite theorists' predictions that the latter would occur.[7] The World Bank report dramatizes the economically pernicious destruction of human capital that follows deep inequality, and demonstrates the need to strip elites of the power to destroy the human potential of those who are disempowered.[8] In short, the World Bank and economic science challenge the law to secure economically appropriate human capital investments despite the harmful influence of governing elites.[9] This is

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5. WORLD BANK, WORLD DEVELOPMENT REPORT 2006: EQUITY AND DEVELOPMENT (2005) [hereinafter WORLD BANK DEVELOPMENT REPORT].

6. *Id.* at 17 ("The plea for a more level playing field in both politics and the economies of developing countries serves to integrate the World Bank's twin pillars of building an institutional climate conducive to investment and empowering the poor. . . . Greater equity can, over the long term, underpin faster growth.").

7. Steven A. Ramirez, *Bearing the Costs of Racial Inequality:* Brown *and the Myth of the Equality/Efficiency Trade-Off*, 44 WASHBURN L.J. 87, 88 (2004) ("[T]here is a growing body of economic science that looks beyond mere market theory to clarify the endogenous factors associated with growth; economists pursuing endogenous growth theory have increasingly shown that inequality threatens growth and stability." (citing Phillipe Aghion et al., *Inequality and Economic Growth: The Perspective of the New Growth Theories*, 37 J. ECON. LIT. 1615, 1615 (1999) ("[T]he view that inequality is growth enhancing has been further challenged by a number of empirical studies, often based on cross-country regressions of GDP growth on income inequality. They all find a negative correlation between the average rate of growth and a number of measures of inequality."))).

8. The report opens with the story of two young children born on the same day in 2000: Nthabiseng, born in Eastern Cape, South Africa, and Pieter, born in Cape Town. One is a black girl and the other is a white boy. The World Bank concludes, after surveying their life circumstances that "the opportunities these two children face to reach their full human potential are vastly different from the outset, through no fault of their own." Moreover, the destruction in opportunities available to Nthabiseng will have a society-wide impact, as any brilliance or innovation she could have achieved is likely to go to waste for lack of capitalization. WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 1–2.

9. The World Bank's report notes:

> [H]igh levels of economic and political inequality tend to lead to economic institutions and social arrangements that systematically favor the interests of those with more influence. Such inequitable institutions can generate economic costs. When personal and property rights are enforced only selectively, when budgetary allocations benefit mainly the politically influential, and when the distribution of public services favors the wealthy, both the middle and poorer groups end up with unexploited talent.

now mainstream economic science, as mounting empirical studies document both the harm inequality inflicts upon macroeconomic performance and the role of elites in entrenching their privilege.[10]

There is already a legal framework in place to achieve this lofty goal of broader economic empowerment notwithstanding the power of elites. Specifically, the Universal Declaration of Human Rights[11] and similar international covenants include visions of economic human rights that track the values identified by economists as critical to macroeconomic growth.[12] Economic human rights include, among other rights, the right to be free from discrimination, the right to a basic education, the right to advanced education based upon merit, the right of laborers to pursue collective bargaining, and the right to decent health care and living conditions.[13] The World Bank and economic science generally support this vision of economic human rights as a necessary foundation for economic success.[14] Social justice, at least to the extent embodied in notions of economic human rights, operates to further positive macroeconomic performance.[15]

> Society, as a whole, is then likely to be more inefficient and to miss out on opportunities for innovation and investment.

Id. at 2.

10. A recent study of inequality and macroeconomic performance found "high structural inequality to be a large and statistically significant hindrance to developing the mechanisms by which economic development is achieved." William Easterly, *Inequality Does Cause Underdevelopment: Insights from a New Instrument*, 84 J. DEV. ECON. 733, 755 (2007). Professor Easterly's empirical study attempts to address the causative elements of inequality on diminished growth. He concludes that inequality causes diminished growth by leading to weaker institutions and diminished investments in mass education. *Id.*; *see also* Daron Acemoglu, *Root Causes*, FIN. & DEV., June 2003, at 27, 27 (stating that good institutions—or legal frameworks—are critical to growth and good institutions reflect three basic economic needs: constraining elites from "creating a highly uneven playing field"; broad-based protection of property rights; and equal opportunity to actualize human capital).

11. Universal Declaration of Human Rights, G.A. Res. 217 (III) A, U.N. Doc. A/RES/217(III) (Dec. 10, 1948).

12. For an overview of the endogenous factors associated with macroeconomic growth, see Steven A. Ramirez, *Endogenous Growth Theory, Status Quo Efficiency and Globalization*, 17 BERKELEY LA RAZA L.J. 1, 7 (2006) ("Nations that build human capital, reduce economically corrosive inequality, and build institutions to support the exploitation of human ingenuity, outgrow those that neglect these props to free market capitalism.").

13. *See* Universal Declaration of Human Rights, *supra* note 11 (implementing general and economic human rights internationally). *See generally* International Covenant on Economic, Social, and Cultural Rights, *opened for signature* Dec. 16, 1966, 993 U.N.T.S. 3 (entered into force Jan. 3, 1976) [hereinafter International Covenant on Economic Rights] (implementing the Universal Declaration of Human Rights in a parallel treaty).

14. *See supra* notes 9–10 and accompanying text (explaining the harmful effects of inequality upon society).

15. Political and civil rights may also be associated with superior economic performance. However, a recent study suggests that human capital development more convincingly leads to

Unfortunately, elites will not necessarily seek to invest in the human capital of others, even if broader human capital development would enrich society.[16] And, the more "other" the others are, the deeper the reluctance of elites to create conditions conducive to the economic betterment of all.[17] Race is an instrument by which the perceived distance between elites and others is maximized, and the power of elites to oppress others is therefore maximized.[18] Race is necessary for the Western conscience to permit 2.7 billion humans to live in deep poverty, as is the case today.[19] The realization of economic human rights, universally, would also serve to relieve the current manifestations of prior racialization and the destruction of human potential implicit in race.[20] On the other hand, free markets in a globalized context necessarily seem to be operating to create a new transracialism that permits a growing distance between governing elites and the vast pool of laborers worldwide. This distance, in turn, operates

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growth, which in turn leads to more democratic and less autocratic institutions, rather than vice-versa. In other words, the causality runs from human capital development to growth to institutions, rather than in the reverse direction. Edward Glaeser et al., *Explaining Growth: Institutions, Human Capital, and Leaders* 5 (Brookings Panel on Econ. Activity, Working Paper, Mar. 2004), *available at* http://www.brookings.edu/es/commentary/journals/bpea_macro/papers/20040325_glaeser.pdf ("[H]uman capital appears to be convincingly important for growth.").

16. *See* Era Dabla-Norris & Mark Gradstein, *The Distributional Bias of Public Education: Causes and Consequences* 14 (IMF Working Paper No. 04/214, Nov. 2004), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=879039 (finding that spending on education is biased towards the rich and that "weak governance leads to intensified rent-seeking over public education funds, increasing inequality, reducing social mobility, and slowing growth").

17. For example, economist Glenn Loury uses the term "racial stigma" to define the dynamic of people tolerating facially absurd outcomes under the trance of racialized thinking. He uses the example of the incarceration rate among African American males to illustrate the dynamic of racial stigma. *See* GLENN C. LOURY, THE ANATOMY OF RACIAL INEQUALITY 70–71 (2002). I have extended this dynamic to educational funding. Steven A. Ramirez, *What We Teach About When We Teach About Race: The Problem of Law and Pseudo-Economics*, 54 J. LEG. EDUC. 365, 369–70 (2004).

18. *See, e.g.*, William Easterly et al., *Social Cohesion, Institutions and Growth*, 18 ECON. & POL. 103, 116–17 (2006) (concluding that a historical legacy of equality, among other factors, increases social cohesion); William Easterly, *The Middle Class Consensus and Economic Development*, 6 J. ECON. GROWTH 317, 336 (2001) (explaining that ethnically-divided societies are less democratic, and often politically unstable).

19. *Fast Facts: The Faces of Poverty*, U.N. MILLENNIUM PROJECT, http://www.unmillenniumproject.org/resources/fastfacts_e.htm (last visited Mar. 21, 2011); *see also* Inaamul Haque & Ruxandra Burdescu, *Monterrey Consensus on Financing for Development: Response Sought From International Economic Law*, 27 B.C. INT'L & COMP. L. REV. 219, 226 (2004) ("Poverty involves multiple deprivations and is indeed a denial of the most basic human rights: the right to freedom from hunger and malnutrition, the right to healthcare and education, the right to make one's own choices, and the right to development.").

20. Given that there is no biologically sound definition of race, I have previously defined race as a social construct involving the pervasive and wanton destruction of human capital as a means of serving the needs of elites with political and economic power. Ramirez, *supra* note 17, at 371.

to destroy human capital and impair human rights in a systematic fashion.[21] There is evidence that a narrow class of powerful global elites are abandoning allegiance to any particular nation-state (and by extension their fellow citizens) in favor of a new worldwide feudalism that concentrates power in the few at the expense of the many.[22] A new transracialism seems central to this process.[23]

This article posits that actualization of economic human rights holds the key to full actualization of economic human resources. The emerging science of growth is remarkably consonant with the values of traditional economic human rights. Part II will show a fundamental consistency between economic human rights (founded upon the Universal Declaration of Human Rights) and macroeconomic performance. Part III will propose a new framework to govern the International Monetary Fund ("IMF"), the World Bank, and the World Trade Organization ("WTO") that would secure this vision of maximizing economic performance and social justice simultaneously through mobilizing currency reserves. Part IV will assess the role of transracialism and other constructs in preventing the emergence of this seemingly more just and more economically rational approach to the global economy. Part V will offer a brief conclusion.

The current neoliberal regime governing globalization is now proven to be unstable and untenable.[24] Indeed, the financial collapse of 2008

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21. *See* Frank Garcia, *Trading Away the Human Rights Principle*, 29 BROOK. J. INT'L L. 51, 87 (1999) ("[M]arket globalization, in its institutional and regulatory form as the international economic law of today, could mean the triumph of utilitarian approaches to values over deontological ones, and therefore the triumph of trade over human rights.").

22. *See* JEFF FAUX, THE GLOBAL CLASS WAR 1 (2006) ("Markets . . . inevitably produce . . . people who have more money and power than others. So, it would be odd if global markets were *not* creating an international upper class . . . whose economic interests have more in common with each other than with the majority of people who share their nationality.").

23. I define "transracialism" as the wanton and pervasive destruction of human capital based upon the social and cultural difference between those with economic and political power, and those who lack economic and political power. I contrast transracialism with traditional racism because transracialism need not turn upon any particular morphological features, nor hostility or hatred. Instead, transracialism simply requires a deep neglect of others based upon privilege. For example, today a transnational elite class has vigorously pursued a vision of globalization that "frees transnational corporations from the constraints of government" and leaves the mass of humanity to a "brutal and merciless . . . global market," based upon "social distance" and "class solidarity." FAUX, *supra* note 22, at 1, 3. Like race, transracialism involves the destruction of human potential and the sacrifice of economic output to the short-sighted and narrow interests of governing elites. *See* Ramirez, *supra* note 17, at 371 (describing how the "racial stigma" dynamic can extend to educational funding).

24. I use the terms "neoliberal," "laissez-faire," and "market fundamentalism" interchangeably. Each refers to the free-market only approach to globalization. This approach includes limited government, fiscal and monetary austerity, rapid privatization, free trade, and capital market liberalization. JOSEPH STIGLITZ, GLOBALIZATION AND ITS DISCONTENTS 16, 59

seems destined to be a prelude of future disruptions.[25] Only by recognizing the lessons of economic science, and creating a new foundation for globalization that values and actualizes human resources to the maximum extent possible, can globalization fulfill its promise. Economic human rights supply that foundation, and this article will demonstrate that readily available resources—as manifest in the global currency reserves of $10 trillion[26]—can support economic human rights. Yet, the resources for vindicating these rights will likely not be forthcoming because of the sway of racial thinking. This means that the world economy will continue to face a chronic crisis in durable buying power. Globalization and capitalism will suffer unnecessary encumbrances in their ability to relieve poverty and support broad-based prosperity and stability.

II. ECONOMIC EMPOWERMENT, GROWTH, AND ECONOMIC HUMAN RIGHTS

A new economic truth has emerged,[27] one that is supported by economic science.[28] Nations that economically empower and exploit

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(2002).

25. *See* Steven A. Ramirez, *Dodd-Frank as Maginot Line*, 14 CHAP. L. REV. (forthcoming 2011) (arguing that the Dodd-Frank Act will not prevent future financial crises); Simon Johnson, *Tax Cutters Set Up Tomorrow's Fiscal Crisis: Simon Johnson*, BLOOMBERG (Dec. 22, 2010, 8:00 PM), http://www.bloomberg.com/news/2010-12-23/tax-cutters-set-up-tomorrow-s-fiscal-crisis-commentary-by-simon-johnson.html.

26. Phred Dvorak, *Barrick CFO: Central Banks May Shift More Reserves into Gold*, WALL ST. J. (Feb. 1, 2011), http://online.wsj.com/article/SB10001424052748703439504576116371170853138.html. China alone now holds $2.85 trillion in reserves, far more than needed. *China NDRC Researcher: $600 Bln–$800 Bln FX Reserves Would Be Enough for China*, WALL ST. J. (Jan. 14, 2011, 4:35 AM), http://online.wsj.com/article/BT-CO-20110114-703081.html. Recently, nations have become so desperate to find a safe place for this vast store of wealth that the prospect of large purchases of gold has seemed reasonable. Dvorak, *supra.* It would be hard to imagine a more destructive use of currency reserves in terms of sustainable and durable demand. These currency reserves could translate into $100 trillion in development loans under fractional reserve banking.

27. Much of the evidence emerging on the dynamics of economic growth is the outcome of endogenous growth theory. Endogenous growth theory is premised on the idea that "innovations do not fall like manna from heaven" but instead are the result of incentives to innovate. Economists now study the role of market imperfections in inhibiting innovation and government policies in creating the right incentives for unleashing human ingenuity. PHILIPPE AGHION & PETER HOWITT, ENDOGENOUS GROWTH THEORY 1 (1997).

28. *E.g.*, Emanuele Baldacci et al., *What Does it Really Take to Help the Poor?*, 42 FIN. & DEV., no. 2, 2005, http://www.imf.org/external/pubs/ft/fandd/2005/06/baldacci.htm (concluding that enhanced public spending on health care and education is associated with higher economic growth); Angela de la Fuente & Rafael Doménech, *Human Capital in Growth Regressions: How Much Difference Does Data Quality Make?*, 4 J. EUR. ECON. ASS'N 1, 28 (2006) (finding that refined data sets yield a stronger correlation between human capital stock and economic growth, meaning prior studies may be underestimating the influence of human capital investments).

the talents of their people to the fullest extent possible will maximize their economic growth.[29] Unleashing human capital and human potential keys economic growth.[30] In contrast, nations that permit their people to suffer mass economic marginalization will stagnate.[31]

Nations that build human capital, reduce economically corrosive inequality, and build institutions to support the exploitation of human ingenuity will outgrow those that neglect these props to free market capitalism.[32] The very idea that greater inequality is somehow economically beneficial has been shown to be false;[33] moreover, any claimed benefit of permitting racial hierarchies to fester without remedy has been similarly discredited.[34] Specifically, economics is now engaged in the serious study of the dynamics of macroeconomic growth.[35] Sound human capital formation, unencumbered by privilege or lack thereof, is now identified as central to economic performance.[36] This truth is a new lens for viewing economic human rights.

Economic human rights have their legal roots in the Universal Declaration of Human Rights, adopted in the wake of World War II in the United Nations General Assembly on December 10, 1948.[37]

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29. AGHION & HOWITT, *supra* note 27, at 1 ("[I]nnovations . . . are created by human beings, operating under the normal range of human motivations" as mediated by "laws, institutions, customs, and regulations.").

30. James J. Heckman, *China's Human Capital Investment*, 16 CHINA ECON. REV. 50, 54 (2005) ("The human capital concept recognizes that human beings are as important, if not more important, than physical capital in creating wealth."); *see also* Robert Lucas, *The Making of a Miracle*, 61 ECONOMETRICA 251, 270 (1993) ("The main source of growth is the accumulation of human capital—of knowledge—and the main source of differences in living standards among nations is differences in human capital.").

31. One means by which mass economic marginalization saps the vitality of an economy is through the construct of race. I have previously estimated that race takes a $1 trillion per year toll on the American economy. Ramirez, *supra* note 17, at 375.

32. *E.g.*, ELHANAN HELPMAN, THE MYSTERY OF ECONOMIC GROWTH, at x–xi (2004).

33. As could be expected, inequality is most robustly associated with impaired growth when inequality in educational opportunities results. *See, e.g.*, Ampro Castello & Rafael Doménech, *Human Capital Inequality and Economic Growth: Some New Evidence*, 112 ECON. J. C187, C188–89 (2002) ("[H]uman capital inequality measures provide more robust results than income inequality measures in growth regressions.").

34. *E.g.*, WILLIAM EASTERLY, THE ELUSIVE QUEST FOR GROWTH: ECONOMISTS' ADVENTURES AND MISADVENTURES IN THE TROPICS 267–78 (2002) (showing that ethnic and racial conflict lead to economically disruptive political divisions, including diminished investment in the human capital of oppressed persons, and compromises growth by as much as 3 percent per annum).

35. Prior to endogenous growth theory, innovation was exogenous to economic growth models. AGHION & HOWITT, *supra* note 27, at 3.

36. *See* Castello & Doménech, *supra* note 33, at C199 ("In short, these findings indicate that education inequality is associated with lower investment rates and, consequently, lower income growth.").

37. PAUL GORDON LAUREN, THE EVOLUTION OF INTERNATIONAL HUMAN RIGHTS: VISIONS

Unfortunately, these rights, as opposed to political and civil rights, were primarily included at the insistence of the former Soviet Union and were thus viewed with a "scarlet hue," as if born of Communist ideology.[38] Americans therefore viewed economic human rights with skepticism.[39] This skepticism persists even today.[40] Yet, ironically, these economic human rights could well perfect the economic potential of capitalism, or at least enhance its ability to deliver greater and more widely distributed prosperity in a post-industrial, knowledge-based global economy.[41] The touchstone of economic human rights is the same as economic success: the economic empowerment of individuals across society.

For example, the Universal Declaration of Human Rights articulates a broad vision of mass education by stating that "everyone" is entitled to a basic education and that advanced education should be "generally available" on the "basis of merit."[42] Basic education is fundamental to economic performance;[43] thus, raising literacy rates is a powerful means of achieving greater economic growth.[44] Further, higher education is

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SEEN 237, 246–47 (2d ed. 2003).

38. *Id.* at 237.

39. *Id.* at 237–41.

40. *See, e.g.*, Editorial, *Redefining Human Rights*, WASH. POST (Dec. 27, 2009), http://www.washingtonpost.com/wp-dyn/content/article/2009/12/26/AR2009122601427.html ("Ms. Clinton's lumping of economic and social 'rights' with political and personal freedom was a standard doctrine of the Soviet Bloc, which used to argue at every East-West conference that human rights in Czechoslovakia were superior to those in the United States, because one provided government health care that the other lacked.").

41. I have previously shown that much of the post-war prosperity experienced in the United States was due to the innovations of the New Deal in securing appropriate social and human infrastructure, along the lines of the economic human rights articulated herein. *See* Steven A. Ramirez, *The Law and Macroeconomics of the New Deal at 70*, 62 MD. L. REV. 515 (2003) (describing the regulatory framework imposed upon the economy by the New Deal, seventy years later). In particular, the New Deal included the G.I. Bill, which experts have claimed to have been the foundation of the transition to a knowledge-based economy. *Id.* at 557–59. The G.I. Bill dramatically increased college enrollment and yielded increased tax revenues of five to twelve times the expenditures of the program. STAFF OF SUBCOMM. ON EDUC. & HEALTH OF THE J. ECON. COMM., 100TH CONG., A COST-BENEFIT ANALYSIS OF GOVERNMENT INVESTMENT IN POST-SECONDARY EDUCATION UNDER WORLD WAR II GI BILL 1 (Comm. Print 1988), *reprinted in The Future of Head Start: Hearing Before the Subcomm. on Educ. & Health of the J. Econ. Comm.*, 101st Cong. 93–114 (1990).

42. Universal Declaration of Human Rights, *supra* note 11, art. 26. The International Covenant on Economic Rights echoes this approach to education but adds more specificity. For example, under Article 13, basic education is to be made "compulsory," and "technical and vocational" education is included within its provisions. Moreover, the nation-states that are parties to the Covenant commit to progressively introduce free education. International Covenant on Economic Rights, *supra* note 13, art. 13.

43. "[R]esearchers have found repeatedly that education plays a major role in economic growth." HELPMAN, *supra* note 32, at 41.

44. SERGE COULOMBE, JEAN FRANCOIS TREMBLAY & SYLVIE MARCHAND, LITERACY SCORES, HUMAN CAPITAL AND GROWTH ACROSS FOURTEEN OECD COUNTRIES 31 (2004),

crucial for innovation and is therefore a key driver of growth in more developed countries.[45] Indeed, expanding wage premiums for college graduates since World War II suggest that the transition to a knowledge-based economy that is ever more reliant upon innovation to drive technological change requires an insatiable need for more highly educated workers.[46] A laissez-faire approach to education will fail to ensure that appropriate educational investments are made, because of imperfect credit markets that allocate funds to those with collateral instead of to those with talent.[47] Indeed, even public funding of education is subject to imperfections, as elites will work to divert public funds to their own children.[48] Thus, there is a need for vindication of an economic human right for education.[49]

Of course, it makes no sense to try to educate starving children, or to expect diseased citizens to be innovative. The Universal Declaration seeks to secure the right for an "adequate" standard of living, including "food, housing and medical care."[50] Included in this concept is "special

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available at http://www.nald.ca/fulltext/oecd/oecd.pdf ("A country that achieves literacy scores one percent higher than average ends up . . . with labor productivity and GDP per capita respectively higher by 2.5 and 1.5 percent on average.").

45. HELPMAN, *supra* note 32, at 41.

46. *Id.* at 94–100 (finding that increasing wage premiums worldwide are being driven by technological changes).

47. AGHION & HOWITT, *supra* note 27, at 283, 317 (demonstrating that because the poor have inadequate collateral they are credit-constrained and unable to develop their human capital, and under such conditions, government could enhance growth and incentives by redistributing wealth to create opportunities); *see also* RAGURHAM G. RAJAN & LUIGI ZINGALES, SAVING CAPITALISM FROM THE CAPITALISTS: UNLEASHING THE POWER OF FINANCIAL MARKETS TO CREATE WEALTH AND SPREAD OPPORTUNITY 28–33 (2003) (explaining why the poor do not have the financial ability to fund human capital investments); WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 2 (discussing how imperfect credit markets mean that highly capable poor children will not get basic education while wealthy children who are less able may go to college).

48. *See* Dabla-Norris & Gradstein, *supra* note 16, at 14–15; *see also* Dietrich Vollrath, *Wealth Distribution and the Provision of Public Goods: Evidence from the United States* 21 (Univ. of Houston, Econ. Working Paper No. 2008-04, 2008) (finding inequality to be negatively associated with education funding based upon a cross-sectional analysis of U.S. county-level data in 1890).

49. This is illustrated by the rates of return that public educational investments generate. CHRIS BRAMALL, SOURCES OF CHINESE ECONOMIC GROWTH 1978–1996, at 107 (2000) (citing a World Bank study demonstrating private rates of return for primary education of more than 25 percent and of 17 percent for secondary education).

50. Universal Declaration of Human Rights, *supra* note 11, art. 25. The International Covenant on Economic Rights seeks to secure rights to employment, wages sufficient for a "decent living," "healthy working conditions," "social security," "the widest possible protection and assistance" for families, "special measures of protection" for women and children, the right to be free from hunger, and the right to enjoy "the highest attainable standard of physical and mental health." International Covenant on Economic Rights, *supra* note 13, arts. 6–7, 9–12.

[care] and assistance" for mothers and children.[51] Yet, according to the World Bank, global inequities in healthcare are massive; today, due in part to the onset of the AIDS crisis, life expectancy gains from prior decades are being reversed.[52] Children in particular are suffering, as even basic measures of childhood wellbeing—e.g., infant mortality—differ radically between nations.[53] "Evidence supports the view that investing in early childhood [nutrition] has large impacts on children's health and readiness to learn and can bring important economic returns later in life—often greater than investments in formal education."[54] Again, societies that secure these rights for their citizens enjoy handsome dividends in terms of economic growth—amounting to several percentage points of GDP.[55] Apparently, strong social safety nets assure that children can accumulate human capital and operate to encourage citizens to take risks that lead to innovations.[56] The size of gains from such investments suggests that societies are under-investing in social safety nets.

The Universal Declaration also states that "everyone" is entitled to be free from discrimination, presumably based upon race, caste, religion, class, or similar constructs.[57] Economists have long recognized that because these constructs have nothing to do with merit, and operate to strip people of the opportunity to be as productive as their talents permit, discrimination based upon such elements retards the output of a

51. International Covenant on Economic Rights, *supra* note 13, art. 10.

52. *See* WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 6 (describing global inequities and trends in life expectancy).

53. *Id.* ("[W]hile 7 out of every 1000 American babies die in the first year of their lives, 126 of every 1000 Malian babies do.").

54. *Id.* at 11 (citing a study showing that undersized Jamaican children suffered from "lower levels of cognitive development than those of normal height," but that enhanced nutrition and mental stimulation essentially wiped out the disadvantage over twenty-four months).

55. Kwabena Gyimah-Brempong & Mark Wilson, *Health Human Capital and Economic Growth in Sub-Saharan African and OECD Countries*, 44 Q. REV. ECON. & FIN. 296, 306–11 (2004) (finding that health capital accounts for about 22 to 30 percent of economic growth, and that increasing life expectance by one year may raise economic growth by up to 4 percent per annum). This may understate the gains from social safety nets, as it may not include gains from enhanced innovation as a result of enhanced social security. The World Bank specifically recognizes that strong social safety nets encourage household risk taking, which in turn can spur innovation. WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 12.

56. *See* JOSEPH E. STIGLITZ & ANDREW CHARLTON, FREE TRADE FOR ALL: HOW TRADE CAN PROMOTE DEVELOPMENT 29, 39 (2005) (explaining that entrepreneurs generate social benefits that exceed private benefits, and that strong social safety nets encourage risk taking).

57. Universal Declaration of Human Rights, *supra* note 11, arts. 2 & 23. The International Covenant for Economic, Social, and Cultural rights specifies that all rights articulated therein shall be extended "without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status." International Covenant on Economic Rights, *supra* note 13, art. 2, § 2.

nation's labor force.[58] The World Bank, however, documents the underlying dynamics of how a racialized society destroys human capital.[59] In a recent study, the World Bank found that low caste children in India taking cognitive tests scored lower than high caste children when caste was announced, but scored at parity when caste was concealed.[60] This study replicates the work of Professor Claude Steele in demonstrating the pernicious effects of "stereotype threat" on the performance of African Americans in the United States, as well as studies from around the world demonstrating compromised performance by oppressed minorities.[61] Given the central role of innovation to economic growth, allowing racial hierarchies to fester is inimical to economic performance—which is why the World Bank specifically endorses the appropriate use of anti-discrimination laws as well as affirmative action.[62] The World Bank mirrors the Convention on the Elimination of All Forms of Racial Discrimination, which specifically authorizes "special and concrete measures to ensure the adequate development and protection of certain racial groups or individuals belonging to them, for the purpose of guaranteeing them the full and equal enjoyment of human rights and fundamental freedoms."[63]

Finally, "everyone" also has the right to form and join unions to represent their interests.[64] The International Labor Organization is a specialized agency of the United Nations that has expanded on the rights of labor in a fashion that dovetails well with other economic

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58. Economist Andrew Brimmer first calculated the lost output from discrimination against African Americans in the United States in 1963. *See* Ramirez, *supra* note 17, at 373–75 (building on Brimmer's analysis and estimating the cost of race in America today at about $1 trillion per year).

59. WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 8.

60. *Id.*

61. *See* Steven A. Ramirez, *A General Theory of Cultural Diversity*, 7 MICH. J. RACE & L. 33, 56 n.148 (2001) ("[W]hen African Americans were told that they were taking an 'ability' test, their performance suffered 'dramatically;' when told it was a 'problem-solving' test they scored as well as Whites." (citing Claude M. Steele, Expert Report, *Reports submitted on behalf of the University of Michigan: The Compelling Need for Diversity in Higher Education*, 5 MICH. J. RACE & L. 439, 445 (1999))); Steven A. Ramirez, *The New Cultural Diversity and Title VII*, 6 MICH. J. RACE & L. 127, 150–52 (2000) (arguing that IQ differentials stem from pervasive social oppression); *see also* Joshua Aronson & Matthew S. McGlone, *Stereotype and Social Identity Threat*, *in* THE HANDBOOK OF PREJUDICE, STEREOTYPING, AND DISCRIMINATION 153, 171 (T. Nelson ed., 2006) ("A reputation of intellectual inferiority, a challenging task, and an evaluative context in which failure on the task will confirm the negative reputation all conspire to suppress intelligent thought.").

62. WORLD BANK DEVELOPMENT REPORT, *supra* note 5, at 13.

63. International Convention on the Elimination of All Forms of Racial Discrimination art. 2, § 2, Dec. 21, 1965, 660 U.N.T.S. 212.

64. Universal Declaration of Human Rights, *supra* note 11, art. 23.

human rights discussed above.[65] It lists the following four core rights that workers should enjoy: (1) the right to organize and bargain collectively; (2) the prohibition of forced labor; (3) the elimination of child labor; and (4) antidiscrimination laws to prevent discrimination based upon race, sex, religion, political opinion, and social class.[66] Each of these rights is an important buttress for a vibrant middle class, and labor rights, in general, were instrumental in creating the modern American economy.[67] Beyond this, however, labor rights are also an important political counterweight to concentrated economic power: labor unions have the power to bring business to a screeching halt.[68] Thus, "[w]ithin the industrial nations, unions have been the most powerful force in building social protections, not just for their members but for all of society."[69] Unions can therefore help prevent capitalism from degrading into a system run by elites and for elites.[70]

Given the foregoing, economic human rights are a powerful foundation for macroeconomic performance. Nation-states that invest in people can expect to achieve rates of return that exceed their costs of investment.[71] Beyond these macroeconomic benefits, a more robust vindication of economic human rights likely would spur consumption in developing nations and operate to stabilize the global macroeconomy by preventing crises like the financial meltdown of 2008.[72] That meltdown arose directly from the excessive accumulation of debt (in particular, subprime mortgage debt) within the United States.[73] Nations seeking to build dollar reserves funded about half of America's mortgage debt.[74]

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65. *About the ILO*, INT'L LABOR ORG., http://www.ilo.org/public/english/about/index.htm (last visited Mar. 22, 2011).

66. *Constitution, Annex: Declaration Concerning the Aims and Purposes of the ILO*, INT'L LABOR ORG., http://www.ilo.org/public/english/about/iloconst.htm (last visited Mar. 22, 2011).

67. Ramirez, *supra* note 41, at 569–72.

68. FAUX, *supra* note 22, at 240. Unfortunately, today it is

> easy for employers to avoid American labor laws, unions, collective bargaining agreements, and labor standards. American unions lack the bargaining power to protect American workers from competing with foreign labor in a race to the bottom that eventually will harm the entire global labor market and the American economy.

Gail Frommer, *Hooray . . . for Toronto? Hollywood, Collective Bargaining and Extraterritorial Union Rules in an Era of Globalization*, 6 U. PA. J. LAB. & EMP. L. 55, 119 (2003).

69. FAUX, *supra* note 22, at 240.

70. RAJAN & ZINGALES, *supra* note 47, at 312 (noting that capitalism "easily degenerates into a system of the incumbents, by the incumbents and for incumbents").

71. Heckman, *supra* note 30, at 54.

72. ROUBINI & MIHM, *supra* note 1, at 238–65.

73. JOSEPH E. STIGLITZ, FREEFALL: AMERICA, FREE MARKETS, AND THE SINKING OF THE WORLD ECONOMY 1–3, 231–34 (2010).

74. ROUBINI & MIHM, *supra* note 1, at 247.

Nations build dollar reserves to protect the value of their currency (they can sell dollars in a crisis and thereby constrict the supply of their currency) and engineer a more favorable dollar exchange rate (by constricting the supply of dollars) to spur export-led growth.[75] Unfortunately, this means a loss of jobs in the United States, a consequent increase in American debt, and artificially constricted demand worldwide, as funds that could have supported enhanced consumption instead fund unsustainable debt levels in America.[76]

The world needs a more sustainable source of consumption than can realistically be provided by the United States as borrower and consumer of last resort.[77] Economic human rights can operate to create a more robust middle class across the globe, which can form the foundation of durable consumption for the entire global economy. Thus, economic human rights can enhance both macroeconomic growth and stability.

Nevertheless, these rights rest upon a weak legal foundation.[78] The Universal Declaration of Human Rights arguably did not impose any specific obligations upon nation-states. Both the United States and the Soviet Union viewed enforceable human rights as a threat to their national sovereignty.[79] It was not until 1976 that the International Covenant on Economic, Social, and Cultural Rights went into force.[80] Only then were there any enforcement mechanisms to secure economic human rights at all.[81] Currently, economic human rights are enforced pursuant to annual reporting obligations to the Committee on Economic, Social, and Cultural Rights.[82] This committee is charged with monitoring states' compliance with economic human rights and has the

75. STIGLITZ, *supra* note 3, at 245–68.

76. *Id.* at 252–60.

77. *Id.* at 251.

78. Peter Straub, *Farmers in the IP Wrench—How Patents on Gene-Modified Crops Violate The Right to Food in Developing Countries*, 29 HASTINGS INT'L & COMP. L. 187, 206 (2006) (stating that economic human rights suffer from weak enforcement mechanisms that are trumped by trade agreements with strong enforcement mechanisms). At one point, Australia proposed an International Court of Human Rights with the power to compel governments to adhere to the Universal Declaration of Human Rights. LAUREN, *supra* note 37, at 247. Such a court would be a powerful means for enforcing human rights, including economic rights. Many commentators posit that economic human rights are merely aspirational. *See, e.g.*, Straub, *supra*, at 206.

79. LAUREN, *supra* note 37, at 245. "The Soviet Union, for example, insisted that national institutions alone had the exclusive authority to enforce any provisions [of the Universal Declaration of Human Rights]." *Id.* at 247.

80. *Id.* at 259.

81. *Id.*

82. *See* International Covenant on Economic Rights, *supra* note 13, arts. 16 & 17 (setting forth International Covenant reporting duties).

power to make recommendations for compliance.[83] These recommendations are not legally binding, however, and nations are free to ignore economic human rights with impunity.[84] In short, "human rights norms are principally implemented at the international level by persuasion and embarrassment rather than sanctions."[85]

The next part of this article will try to remedy this flaw in the current regime governing globalization—a regime that operates today to create both an unjust and economically destructive global economy.[86]

III. TOWARD A STURDIER VISION OF ECONOMIC RIGHTS

So long as nation-states value sovereignty, it is not likely that human rights will be enforceable by citizens against their governments.[87] Economic human rights have an even more dismal outlook, as such rights generally require the substantial expenditure of funds and thereby suffer the burden of being deemed positive rights.[88] Positive rights typically require judicial decrees for enforcement; requiring the more political branches to expend significant funds seems at odds with democratic ideals.[89] In any event, the fact that nearly half of the

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83. LAUREN, *supra* note 37, at 259.

84. Straub, *supra* note 78, at 206.

85. Davis Weissbrodt & Kell Schoff, *Human Rights Approach to Intellectual Property Protection: The Genesis and Application of Sub-Commission Resolution 2000/7*, 5 MINN. INTELL. PROP. REV. 1, 12 (2003).

86. Professor Gail Frommer notes, for example, that the American labor laws, which are now being relentlessly undercut by globalization, were promulgated not just in response to the need to protect workers, but also to create a more profitable environment for business by enhancing buying power of consumers and replacing industrial strife with a labor-capital concordant resembling a new industrial democracy. Under globalization, institutions will no longer attend to these functions. Frommer, *supra* note 68, at 119–20. Of course her concerns with a "race to the bottom" transcend labor law and threaten general regulatory impotence across a range of issues, including those held most dear. Garcia, *supra* note 21, at 53–54.

> The human rights movement could thus find in market globalization the ultimate victory of a regulatory system that, by nature and operation, cannot properly take into account what the human rights movement holds most dear: that underlying positive human rights laws are moral entitlements that ground moral, political, and legal claims of special force.

Id.

87. The United Nations Charter expressly preserves the sovereignty of nations. U.N. Charter art. 2, para. 7.

88. For a comprehensive analysis of the pitfalls facing positive rights, see Frank B. Cross, *The Error of Positive Rights*, 48 UCLA L. REV. 857 (2001).

89. *See* Kim Lane Scheppele, *A Realpolitik Defense of Social Rights*, 82 TEX. L. REV. 1921, 1921–22 (2004) (highlighting concerns with social rights including concerns raised by democratic theorists). Professor Cass Sunstein suggests that the lack of enforceable economic rights in the U.S. Constitution is more a matter of constitutional accident than any distinction between positive rights and negative rights, both of which he argues require some degree of funding. *See* Cass R. Sunstein, *Why Does the American Constitution Lack Social and Economic Guarantees?*, *in*

world's population is deeply decapitalized—surviving on a mere two dollars per day—means that no single government entity is capable of funding the kind of human capital recovery project that is needed to set globalization on a sounder path.[90] Indeed, the magnitude of the problem suggests not just multilateral action but multi-institutional action on the scale of a worldwide Marshall Plan and G.I. Bill combined.[91] This article suggests that the IMF, the World Bank, and the WTO should all be restructured to varying degrees to refocus energy and resources to secure a more balanced and economically sound globalization—a globalization that is founded on more vibrant visions of economic human rights.[92] Such a step could further the actualization of economic human rights on a more global basis.

For example, the IMF is charged with: (1) facilitating "the expansion and balanced growth of international trade"; and (2) "contributing to high levels of employment and real income."[93] The IMF accomplishes these goals by acting as a lender of last resort to nations facing liquidity crises.[94] Thus, the IMF exists for the purpose of fostering

AMERICAN EXCEPTIONALISM AND HUMAN RIGHTS 90, 110 (Michael Ignatieff ed., 2005) (arguing that a political shift arising from the election of Richard Nixon short-circuited an emerging trend toward more vigilant protection of economic rights).

90. Even assuming that subsidies of $1,000 per person could secure appropriate investments in the health, education, and wellbeing of humans worldwide, the total tab for such massive capitalization would be $2.8 trillion. Such a program would exceed any single government's resources politically, if not economically. The best hope for the eradication of poverty worldwide lies in a sound and robust global economy revolving around free trade and free markets. In fact, the most dramatic decline in poverty in modern history has occurred since World War II, which coincided with a new era of free trade. HELPMAN, *supra* note 32, at 72, 107.

91. The Marshall Plan contributed approximately $100 billion for the rebuilding of Europe after World War II. Lawrence Korb & Arnold Kohen, *A Marshall Plan for the Third World*, BOS. GLOBE, Nov. 15, 2005, at A17. For an overview of the scale of the G.I. Bill, both in terms of outlays as well as consequences, see Ramirez, *supra* note 41, at 557–59.

92. The fact that no single nation could find the kind of human capital investments articulated herein does not mean that the world economy lacks the resources to fund such economically compelling investments; the problem is one of organization, not resources, as China alone holds nearly $2.85 trillion in reserves that could easily be deployed to help finance a more sound global economy—if there were a global bank where nations could deposit their reserves safely while such funds were productively invested in economic development. Instead, such funds are essentially used to prop up America's excess consumption. *See China's Currency Reserves Rise to Record, Domestic Lending Exceeds Target*, BLOOMBERG (Jan. 11, 2011, 2:38 AM), http://www.bloomberg.com/news/2011-01-11/china-s-currency-reserves-rise-to-record-domestic-lending-exceeds-target.html.

93. Articles of Agreement of the International Monetary Fund art. I, Dec. 27, 1945, 60 Stat. 1401, 2 U.N.T.S. 39 [hereinafter IMF Articles of Agreement], *available at* http://www.imf.org/external/pubs/ft/aa/aa.pdf.

94. More specifically, the IMF gives "confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity." *Id.* art. I(v).

macroeconomic growth and stability.[95] Yet, the IMF has been the high priest of market fundamentalism even though free markets alone have been shown to lead to macroeconomic catastrophe and stunted development.[96] This type of laissez-faire economics has been roundly rejected in the developed world since at least the Great Depression.[97] China prospered by pursuing policies "directly opposite" to IMF advice.[98] Making economic human rights a core part of the IMF's mission is more consistent with its macroeconomic purposes than is the propagation of market fundamentalism.

The IMF pursues its mission of macroeconomic growth and stability through two primary channels.[99] First, the IMF provides liquidity to nations to meet external financial obligations.[100] However, the IMF imposes conditions when it bails out a nation, and thus far those conditions have generally mandated a market fundamentalism approach.[101] Second, the IMF undertakes annual "consultations" regarding the economic and financial condition of nations.[102] The outcome and nature of these "consultations" are crucial to the ability of most nations to raise external capital.[103] There is no reason why

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95. In fact, the IMF was created in the shadow of the Great Depression for the specific purpose of pursuing countercyclical macroeconomic policies. STIGLITZ, *supra* note 24, at 12–13.

96. *Id.* at 220–21. Instead of pursuing expansionary policies in the face of macroeconomic crises the IMF has imposed "excessively austere" policies. *Id.* at 219. While some have termed Stiglitz's contention "very debatable," the IMF's own Independent Evaluation Office has found that the IMF's approach is too contractionary and austere. *See* Ofer Eldar, *Reform of IMF Conditionality: A Proposal for Self-Imposed Conditionality*, 8 J. INT'L ECON. L. 509, 516 (2005) (characterizing Stiglitz's accusation that the IMF imposes its "economic ideology" and "market fundamentalism" on developing countries as "very debatable"). Further, there is little question that during the 1990s the IMF insisted upon all of the elements of "market fundamentalism" (i.e., privatization of state businesses, capital market liberalization, lowering trade barriers, and fiscal and monetary austerity) to many of its clients. *Id.*

97. *See, e.g.*, STIGLITZ, *supra* note 24, at 74.

98. *Id.* at 126.

99. The IMF is limited in its ability to address social and domestic issues. *See* IMF Articles of Agreement, *supra* note 93, art. IV, § 3(b). Economic human rights are central to macroeconomic performance. Thus, this provision does not limit the IMF's ability to address economic human rights, at least so long as such rights are shown to directly impact macroeconomic growth and stability, as they are shown to do so in this article.

100. STIGLITZ, *supra* note 24, at 126.

101. *See* IMF Articles of Agreement, *supra* note 93, art. V, § 3. "In practice, conditionality has been used to promote . . . market fundamentalist ideology." Catherine H. Lee, *To Thine Ownself Be True: IMF Conditionality and Erosion of Economic Sovereignty in the Asian Financial Crisis*, 24 U. PA. J. INT'L ECON. L. 875, 880 (2003).

102. Under Article IV of its Articles of Agreement, the IMF consults with Member States about their exchange rate policies. IMF Articles of Agreement, *supra* note 93, art. IV, § 3.

103. STIGLITZ, *supra* note 24, at 42–43; *see also* Daniel D. Bradlow, *The World Bank, the IMF, and Human Rights*, 6 TRANSNAT'L L. & CONTEMP. PROBS. 47, 50 n.13 (1996) ("[T]he IMF's report on the State will be discussed by the IMF's Board of Directors and form part of the

securing economic human rights cannot become central to both of these functions, pursuant to a clear and transparent policy.[104] The IMF could assess the status of economic human rights within a given nation and encourage nations to increase their efforts to secure economic human rights for their citizens. Furthermore, this could be accomplished with a detailed and specific focus on assisting nations in building more powerful economic infrastructure in light of the nation's current economic circumstances.[105] With respect to conditionality, the IMF could even mandate that additional resources be devoted to economic human rights in appropriate contexts.[106] This new emphasis on

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data used by the IMF in compiling its semi-annual report, 'World Economic Outlook.' Consequently, the IMF's opinions may influence how other States and financial actors perceive the Member State.").

104. Other proposals to reform the IMF stress the benefits of enhanced sovereignty for nation-states. *See* Eldar, *supra* note 96, at 510–12 (addressing criticisms of IMF conditionality and arguing for a balance between the interests of the IMF and the interests of member countries). Too frequently, however, these nation-states are exercising sovereignty in ways that are both economically pernicious as well as of dubious benefit to their people in terms of social justice. Consequently, I argue that economic human rights are a far more compelling context for invasion of sovereignty than the pursuit of market fundamentalism, which has heretofore governed the IMF. *See supra* Part II (showing a relation between economic human rights and macroeconomic performance); *see also* Ariel Buira, *An Analysis of IMF Conditionality*, *in* CHALLENGES TO THE WORLD BANK AND IMF 55, 62 (Ariel Buira ed., 2003) (arguing that conditionality was driven by the interests of IMF donor states). Currently, the IMF and the World Bank make human rights impact assessments. LAUREN, *supra* note 37, at 278.

105. In this way, my approach both builds upon and differs from the approach of Professor Bradlow. He articulates an argument in favor of a general human rights policy, while my proposal focuses strictly upon economic human rights. Moreover, I argue that economic human rights should be a core part of the IMF's mission precisely because they are central to macroeconomic performance. *See* Bradlow, *supra* note 103, at 72–75.

106. While this may seem to be an excessive invasion of sovereignty, in the recent past, the IMF has used conditionality to negotiate for cuts in education spending, health care, and vital state services. Thus, my proposal of encouraging human capital investments, through economic human rights that most all nations are subject to, is no more invasive than the IMF has acted in the past and is far more economically justifiable. *See* STIGLITZ, *supra* note 24, at 20, 80 (describing the then-current IMF system as one of "taxation without representation" and further criticizing IMF trickle-down strategies for failing to effectively address the broader concerns of poverty and women's education). It is worth noting that nations are not compelled to accept IMF funds, nor the conditions attached to those funds. *See* Eldar, *supra* note 96, at 514–15 (explaining that IMF conditions are designed through informal negotiations with countries). Moreover, to the extent such an affirmative condition diverted funds from the full repayment of foreign lenders, problems of moral hazard can be reduced. Moral hazard occurs in international credit markets when global lenders accept higher rates of interest for loans to developing nations, but then are shielded from risks of default by the prospect of an IMF bailout to fund repayment to foreign lenders. This problem of moral hazard is one factor driving the IMF's stalled Sovereign Debt Restructuring Mechanism. *See IMF Factsheet on Proposals for a Sovereign Debt Restructuring Mechanism*, IMF (Jan. 2003), *available at* http://www.imf.org/external/np/exr/facts/sdrm.htm ("It is hard to argue that facilitating orderly debt workouts in such cases [of countries whose debts are unsustainable] would weaken the credit culture or create moral hazard.").

economic human rights would be in accord with the IMF's most fundamental mission of fostering global growth.[107]

The World Bank shares a similar mission.[108] It too was created after World War II for the express purpose of facilitating economic development.[109] Unlike the IMF, however, the World Bank is not a crisis response agency; instead, its role is to assist in funding the construction of economic infrastructure.[110] Naturally, this role gives the World Bank leverage to pursue human rights.[111] Like the IMF, the World Bank could use its powers to further economic human rights in a manner that the World Bank itself has demonstrated is consistent with its chartered purposes of economic growth and development.[112] Its lending and conditionality efforts could be refocused upon achieving economic human rights. Instead, the World Bank has utilized its position as the world's development bank to pursue a myriad of interests other than human rights.[113] At the top of the World Bank's agenda has been the propagation of market fundamentalism.[114]

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107. Thus far, economic human rights have not even made it onto the IMF's agenda, except on an ad hoc basis. Bradlow, *supra* note 103, at 49. For example, the IMF recently promulgated new guidelines governing its conditionality in connection with its lending program. The new guidelines do not mention human rights in general, or any particular economic human right. *See* INT'L MONETARY FUND [IMF], GUIDELINES ON CONDITIONALITY (Sept. 25, 2002), *available at* http://www.imf.org/External/np/pdr/cond/2002/eng/guid/092302.pdf.

108. *See* Articles of Agreement of the International Bank for Reconstruction and Development, *opened for signature* Dec. 27, 1945, 60 Stat. 1440, 2 U.N.T.S. 134 (amended Dec. 16, 1965, 16 U.S.T. 1942) [hereinafter World Bank Articles of Agreement], *available at* http://siteresources.worldbank.org/EXTABOUTUS/Resources/ibrd-articlesofagreement.pdf. "The original division of labor between the IMF and the World Bank mandated that the IMF lend money to states in balance-of-payment difficulties to enable them to spend their way out of economic downturns and that the World Bank would . . . concentrate on providing funds for . . . [development]." Scheppele, *supra* note 89, at 1938. "The two institutions, however, began working more closely together in the 1980s and 1990s, overlapping in their functions rather than providing a clear separation of mandates." *Id.*

109. Specifically, the World Bank has among its purposes "[t]o promote the long-range balanced growth of international trade . . . for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories." World Bank Articles of Agreement, *supra* note 108, art. I, sec. iii.

110. *Id.*

111. Bradlow, *supra* note 103, at 63.

112. Like the IMF, the World Bank is limited by its charter from interfering in domestic politics. *See id.* at 54–62 (discussing the scope of the World Bank's operations). However, the World Bank itself has demonstrated that economic human rights are central to macroeconomic performance. *See* WORLD BANK DEVELOPMENT REPORT, *supra* note 5, Overview (setting equity as a major tenant for development, which means equality of opportunities and capabilities for individuals across the world).

113. Joseph Stiglitz, the former chief economist at the World Bank, asserts that the World Bank was part of the "Washington Consensus" that propagated market fundamentalism. STIGLITZ, *supra* note 24, at 16.

114. Scheppele, *supra* note 89, at 1937–41.

Recently, the World Bank reviewed its policy on conditionality—and human rights were given short shrift once again.[115] Thus, the World Bank, despite its authorship of the 2006 Development Report, seems to be doing little to implement the single legal framework that could secure its own vision of empowering the powerless notwithstanding the interests of elites.[116]

The World Trade Organization has potentially even greater power than its peer international financial institutions, the IMF and World Bank. For example, the WTO has exercised its powers to strip nation-states of the power to address deeply domestic issues such as whether genetically modified crops can be offered for sale to a nation's citizens—so long as the issue has some link to trade issues.[117] Like the IMF and World Bank, the WTO was chartered for the purpose of securing macroeconomic growth and stability, with a particular focus on reducing trade barriers.[118] Yet, despite its apparently broad powers and charter, the WTO is not intended to be a global government nor to disburse the quantity of funds needed to recapitalize the billions of decapitalized citizens worldwide.[119] Still, the WTO does exercise leverage over members of the global economy through its accession process.[120] Currently, the process for WTO membership (which should extend the full benefits of free trade) is politicized, ill-defined, non-transparent, and subjects nations to differential treatment.[121] An alternative approach would emphasize a nation's commitment to share the benefits of free trade widely by requiring action to vindicate

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115. Human rights barely merited a mention in the World Bank's review of conditionality. *See* WORLD BANK, REVIEW OF CONDITIONALITY (2005), *available at* http://siteresources.worldbank.org/PROJECTS/Resources/40940-1114615847489/webConditionalitysept05.pdf (citing various supporters or references to human rights only in passing).

116. Over the course of its operations, the World Bank has increasingly funded initiatives to enhance the education or healthcare systems of developing nations. Bradlow, *supra* note 103, at 57–58. Nevertheless, this article argues that securing economic human rights should be a core function of the World Bank—one that permeates everything it does—because of the economic benefits such rights can deliver.

117. *See Europe "Stopped GM Food Imports*,*"* BBC NEWS (Feb. 7, 2006, 22:43 GMT), http://news.bbc.co.uk/1/hi/business/4688686.stm.

118. *See* Agreement Establishing the World Trade Organization, 33 I.L.M. 1144 (1994), [hereinafter Agreement Establishing the WTO], *available at* http://www.wto.org/english/docs_e/legal_e/04-wto.pdf; *see also* Darren M. Springer, *Reimagining the WTO: Applications of the New Deal as a Means of Remedying Emerging Global Issues*, 29 VT. L. REV. 1067, 1067 (2005) ("The WTO is a world trade facilitator—a body dedicated to the elimination of trade barriers between member states—not a world government.").

119. Springer, *supra* note 118, at 1102–05.

120. *See* Agreement Establishing the WTO, *supra* note 118, art. XII, sec. 1 (allowing new members to accede to WTO membership "on terms to be agreed between it and the WTO").

121. STIGLITZ & CHARLTON, *supra* note 56, at 57–163 (discussing WTO accession process).

economic human rights.[122] The gains from free trade amount to hundreds of billions of dollars per year.[123] Requiring the investment of a portion of such gains in the economic human rights of citizens hardly seems to be an unreasonable demand.

Each of the above proposals—from reforming conditionality, to assessing the record of nations in securing economic human rights, to refocusing the World Bank's lending activities—is a modest extension of the recent and current operations of each of the international economic agencies. Each proposal, for example, would require no amendment to the charter of any of these agencies. Indeed, the above proposals would require only minor changes in the regulatory instruments governing these agencies—e.g., adding a paragraph or two to their policies on conditionality, or promulgating an accession policy for the WTO. Simply put, these are relatively modest proposals.

A deeper reform would expand the IMF's ability to issue a reserve currency known as Special Drawing Rights ("SDRs") and harness the World Bank's technical expertise to deploy the deposits of nations' reserves to fund and subsidize development founded on economic human rights. The IMF started issuing SDRs in 1969, and today it is backed with a basket of currencies including the yen, the pound, the euro, and the dollar.[124] In the wake of the financial crisis, influential voices called for a global reserve currency untethered to the political economy of any single nation, and the expansion of SDRs fits the bill.[125] In fact, in 2009 the IMF issued $250 billion in SDRs, which effectively assured that at least that degree of reserve accumulation would be spread over the basket of currencies backing the SDRs rather than just the dollar.[126] This diffuses the negative effect that reserve accumulation has on the economy of the nation supplying the reserve currency—more debt and sluggish growth.[127] In this capacity, the IMF

122. Charles Derber has proposed a global "New Deal" to address the growing inequalities accompanying globalization as well as the unfolding race to the bottom in terms of labor and environmental standards. CHARLES DERBER, PEOPLE BEFORE PROFIT 148–51 (2002). Ultimately, Derber calls for the abolition of the WTO and for the creation of a new, more powerful global authority. *Id.* at 147–48. As will be explained, I am not certain that such radical restructuring is politically feasible or that it would achieve its intended goals. This article seeks a more modest solution to the problems of globalization, and seeks to work within existing legal frameworks.

123. STIGLITZ & CHARLTON, *supra* note 56, at 46–47. Unfortunately, the gains from free trade are concentrated among developed nations, not developing nations.

124. ROUBINI & MIHM, *supra* note 1, at 260.

125. *Id.* at 260–61.

126. *Id.* at 263–64.

127. STIGLITZ, *supra* note 3, at 252–55.

essentially brokers reserve accumulations between those nations supplying reserves and those nations bearing the associated debt burden.

In conjunction with the World Bank, the IMF could act as a global central bank instead of just a middleman in the reserve accumulation process. More specifically, the IMF could lend the reserves out to developing nations to build schools, universities, hospitals, green energy platforms, and other infrastructure to facilitate the realization of economic human rights. Like any central bank, this process would involve the creation of reserves within the accounts of those nations depositing reserves as well as those nations drawing down funds to realize economic human rights for their people.[128] This would stoke global demand by leveraging currency reserves rather than allowing reserve accumulation to undermine sustainable demand.[129] Obviously, the creation of such a central bank to trading nations would require multilateral action to modify the role of the international financial institutions under law. Nevertheless, economists suggest that the sooner the international community implements such a vision, the more future crises can be mitigated and averted.[130] Change regarding currency reserves is inevitable; the only question is the extent of financial crises necessary to induce change.[131] Along those lines, the inaction of the international community, particularly the United States, to foster change in the aftermath of the financial crisis of 2007–2009 can only be termed a major disappointment.[132]

In Part II, I argued that the pursuit of economic human rights can create a more powerful and balanced global economy while fulfilling the promise of capitalism to unleash human economic potential. Here, I extended that argument through a demonstration that the global economy holds and generates enough resources to enhance its pursuit of economic human rights. The IMF, the World Bank, and the WTO can all be reconfigured in a way that creates a durable global economic infrastructure founded upon the realization of economic human rights; this realization would enhance growth and stability. The international economic agencies can and should move economic human rights to the forefront of their operations; this can be done within their current legal structure, or by extending that structure through modest legal changes.

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128. *See* BRUCE C. GREENWALD & JUDD KAHN, GLOBALIZATION: N. THE IRRATIONAL FEAR THAT SOMEONE IN CHINA WILL TAKE YOUR JOB 156–60 (2009) (discussing issuance of reserve currency and creation of a global bank).

129. *Id.*

130. ROUBINI & MIHM, *supra* note 1, at 251–65.

131. GREENWALD & KAHN, *supra* note 128, at 160.

132. STIGLITZ, *supra* note 73, at 76, 231–35, 294–97.

These agencies, however, do not operate with a view towards securing economic human rights.[133] There is little doubt that they comprehend the economic benefits of enhanced attention to economic human rights, as each organization has published studies demonstrating as much.[134] The next section will attempt to explain why cost-justified investments in economic human rights are not undertaken.[135] The short answer is that the elites governing globalization have limited interest in empowering the disempowered.

IV. DISTORTED VISIONS: RACE AND ECONOMIC RIGHTS

Whatever the economic value of human rights, even incremental realization is not likely absent a major disruption of the current governing coalition of the international economy. Indeed, I posit the opposite: elites are becoming more entrenched and distant from the mass of laborers worldwide. This suggests more distortion in human capital formation, not less.

Today, globalization is designed with one prime goal in mind: permitting transnational corporations to exploit cheap labor to fatten short-term corporate profits.[136] The North American Free Trade Agreement ("NAFTA") demonstrates this emphasis on the exploitation of cheap labor.[137] NAFTA permits businesses to manufacture wherever workers are the most desperate; not only does this drive down labor costs, it also renders government regulation obsolete as nations vie for employment.[138] In order to secure passage of NAFTA, the Clinton administration promised "side agreements" to protect labor and the environment.[139] Unfortunately, although the United States, Mexico,

133. According to Professor Stiglitz, the IMF, the World Bank, and the WTO respond first and foremost to the interests of the financial and business community. STIGLITZ, *supra* note 24, at 91–92, 173–76, 207.

134. *See* Emanuele Baldacci et al., *Social Spending, Human Capital, and Growth in Developing Countries: Implications for Achieving the MDGs*, 36 WORLD DEV. 1317, 1335 (2008) ("Both education and health spending have a positive and significant direct impact on the accumulation of education and health capital, and a positive and significant indirect impact on growth.").

135. When the U.S. Congress directed the IMF to cease insisting upon education user fees, the IMF simply ignored Congress. STIGLITZ, *supra* note 24, at 51–52.

136. "The prime economic objective of the governing class became keeping wages as low as possible." FAUX, *supra* note 22, at 137.

137. NAFTA provided for patent protections, banking regulations, and the right for corporations to challenge environmental regulations. *Id.* at 13. These protections operate only to protect businesses, not people.

138. *Id.* at 89.

139. Clinton had promised to secure the side agreements during the presidential campaign of 1992. *Id.* at 10–11.

and Canada ultimately consummated the side agreements,[140] they are largely irrelevant and unenforceable.[141] NAFTA's emphasis on cheap labor has provided the template for all American-led free trade initiatives.[142]

This model of globalization is economically subversive. Such a system is necessarily corrosive to human capital development, as evinced by economic human rights.[143] Human capital development and investment inherently requires time for profits to accrue.[144] Thus, corporate CEOs have little interest in providing for the development of human capital in the name of future profitability.[145] Yet, a system of globalization founded only on cheap labor will strip governments of the ability to step in and remedy deficient private human capital formation.[146] Basic economic history teaches that the industrialized nations developed under the shelter of interventionist governments that affirmatively acted to secure basic rights to education, healthcare, and social safety nets.[147] Nevertheless, the global economy, in general, is endowed with highly limited mechanisms for securing economic human rights.[148]

Consequently, the global economy suffers from infirm consumption. American elites had learned the value of a social contract as a prop to consumption and economic stability in the wake of the Great

140. Globalization has been a bipartisan effort resulting in the presence of two Democratic presidents and two Republican presidents at the signing of the so-called "side agreements" in 1992. *Id.*

141. "The side agreements on labor and the environment, however, were little more than admonitions to each nation to enforce its laws. No common standards were set; any nation could still eliminate its minimum wage, outlaw unions, dismantle health and safety standards, or loosen restrictions on the industrial pollution." *Id.* at 13.

142. *Id.* at 31.

143. *See supra* Part II (explaining that economic human rights are essential to growth).

144. For example, the G.I. Bill enhanced government revenues by seven to twelve times the amount the federal government expended on the program, but such benefits accrued over a period of thirty-five years. *See* Ramirez, *supra* note 41, at 557–59.

145. CEO myopia is so powerful that many will cut research and development funding to boost profits (and indirectly their compensation) today. *The Sound of Silence*, ECONOMIST, Apr. 27, 2006, at 79.

146. *E.g.*, STIGLITZ & CHARLTON, *supra* note 56, at 14–22 (stating that "not one successful developing country has pursued a purely free market approach to development," and that Japan and other East Asian nations invested in physical and human capital and shared growth, widely leading to reduced inequality and poverty).

147. FAUX, *supra* note 22, at 101.

148. *See supra* Part III (demonstrating that the world's economic agencies have done virtually nothing to secure economic human rights and have instead been high priests of market fundamentalism).

Depression.[149] However, globalization has "shifted the interests of the investor class from supporting the social contract to ripping it up."[150] Globalization is decimating consumer buying power in two ways: first, the vast pools of dormant labor around the world willing to work for a fraction of the wage of American workers have stripped laborers of bargaining power;[151] second, the free movement of jobs, but not workers, operates to destroy buying power.[152] Much of this lost buying power has been made up in soaring debt levels in the United States, particularly consumer debt,[153] but the United States cannot continue to act as the consumer of last resort by indefinitely consuming more than it produces.[154] Indeed, as of early 2006, there were signs that this unsustainable consumption centered in the United States was leading to what one economist has termed an economic "Armageddon."[155] Worse, this entire dynamic seems destined to get worse, as millions of service jobs—from professors to lawyers—seem poised for off-shoring next.[156] It appears that "the divine right of multinational corporations to have access to the world's cheap labor trumped any concern for the resulting red ink."[157]

149. FAUX, *supra* note 22, at 78–80 (recounting how elites realized that preservation of buying power was essential to macroeconomic success). Faux contends that this new "social contract" was so successful that even conservatives such as President Nixon acknowledged, "We are all Keynsians." This was the zenith of bipartisan support for the vision of a mixed economy, which included subsidized education, health care, and a highly interventionist state. *Id.*

150. *Id.* at 136.

151. This is evidenced most clearly in the division of worker productivity gains. Essentially, laborers no longer share in the enhanced productivity they deliver to employers. In the United States, between 1993 and 2002, productivity surged 57 percent but real wages increased only 6 percent. In Canada, productivity increased 22 percent, yet real wages declined. In Mexico, productivity increased 54 percent while real wages declined. *Id.* at 131–32, 138.

152. For example, Sunbeam moved its manufacturing of coffee makers from Ohio, where it paid $21 per hour, to Mexico in 1998, where it paid $2.36 per hour, and to China in 2001, where it paid $0.47 per hour. *Id.* at 137.

153. During the 1990s, consumer debt increased 53 percent. *Id.* at 191.

154. Over a period of twenty years the United States went from the largest creditor nation to the largest debtor nation. External debt now totals 20 percent of GDP and is on track to total 40 percent by 2008. This is on par with Argentina's debt levels prior to its financial meltdown in 2001. *Id.* at 192. Thus, "the basic laws of economics will demand that the [U.S.] trade balance will eventually be reversed and that this will cause a great deal of economic pain." *Id.* at 197.

155. *Id.* at 194 (quoting Morgan Stanley chief economist Stephen Roach). Former Chair of the Federal Reserve, Paul Volcker, estimates a 75 percent chance of an economic crisis. *Id.* Warren Buffet suggests that the increased debt of Americans threatens to transform the United States into a "sharecropper society." *Id.*

156. Alan S. Blinder, *Offshoring: The Next Industrial Revolution?*, FOREIGN AFF., Mar.–Apr., 2006, at 113, 120, 122 (predicting that between twenty-eight million and forty-two million "impersonal" service jobs may be off-shored in the "electronic future").

157. FAUX, *supra* note 22, at 195.

In short, governing elites have abandoned American workers to a perverse kind of globalization that seems concerned only with short-term profit maximization of transnational corporations. This occurred because of the growing cultural and social distance between our governing elites and our citizenry in general. The United States has failed to adapt to an emerging reality: "U.S. multinationals' goals may no longer dovetail with national interests."[158] Yet, these multinationalists essentially control globalization, along with other global multinationalists.[159] The dominant attitude is that their interest in America or any other state is de minimus: "The United States does not have an automatic first call on our resources" and "there is no mindset that puts this country first."[160] Only an elite that was totally disconnected from a society would permit it to accumulate huge levels of debt, completely neglect human capital formation, move research and development facilities offshore, slash job training funding, and permit racial hierarchies to continue to fester.[161] But, the American governing class has done just that.

This abandonment is happening in tandem with an increase in the number of people of color in the United States.[162] Still, the global elite are a fairly multicultural group.[163] There is little doubt that elites in Mexico, such as former Presidents Carlos Salinas or Ernesto Zedillo, are members.[164] The key element binding these leaders together is not racial hostility or racial exclusivity—it is creating a global system that frees "transnational corporations from the constraints imposed by governments on behalf of people."[165]

Race may have played a role in the emergence of this system, but there is little evidence that the system is driven by race today. Race simply created enough distance between those with power and those

158. Jeffery Garten, *The High-Tech Threat from China: How America Inc. is Rushing Beijing Ahead by Sharing R&D Treasure*, BUS. WK., Jan. 31, 2005, at 22.

159. Steven A. Ramirez, *Market Fundamentalism's New Fiasco: Globalization as Exhibit B in the Case for a New Law and Economics*, 24 MICH. J. INT'L L. 831, 844 (2003). Of the 500 largest corporations in the world, only 204 are American. FAUX, *supra* note 22, at 167.

160. FAUX, *supra* note 22, at 91.

161. *Id.* at 186–90.

162. Since 2000, the percentage of non-hispanic whites in the United States has dropped from 69.1 percent to 65.1 percent. *Profiles of General Demographic Characteristics: 2000 Census of Population and Housing*, U.S. CENSUS BUREAU (May 2011), http://www2.census.gov/census_2000/datasets/demographic_profile/0_United_States/2kh00.pdf; *State and County Quick Facts*, U.S. CENSUS BUREAU, http://quickfacts.census.gov/qfd/states/00000.html (last updated Nov. 4, 2010).

163. FAUX, *supra* note 22, at 1, 112.

164. *Id.* at 164–65.

165. *Id.* at 1.

without such that more inequality could be tolerated than without race.[166] That inequality then operated within the context of globalized labor markets to create sufficient economic distance to permit a radical chasm between traditional elites and the citizens of their nation-state.[167] National abandonment then occurred. The world's poor and laborers are no doubt of a different race than the governing elites.[168] But that is almost beside the point. The point is the emergence of a new global elite without national allegiance and without any sense of social or economic obligation to the marginalized fellow citizens left behind, regardless of race (or perhaps of all races).

This pattern may be disrupted. A transnational political movement could develop to demand economic human rights.[169] However, this is unlikely because politics is driven by a corporate-owned media that is interested in portraying globalization as the benign evolution of capitalism rather than a concerted effort to consolidate power at the apex of the world political and economic hierarchy.[170] Still, short of economic "Armageddon," perhaps the onset of a transnational class consciousness, akin to that developed among the transnationalists, is the best hope for reform.[171] There is also hope for enlightened elite leadership; however, so far such leadership has been missing in action.

V. CONCLUSION

Economic human rights are not just complementary to economic growth; they are essential to it. Economic science has demonstrated that economic human rights, such as education, health care, and strong social safety nets, are central to human capital, innovation, and growth.

166. This is a straightforward application of Professor Loury's theory of racial stigma. *See supra* note 17 (explaining Professor Louriy's racial stigma theory).

167. "Globalization did not cause America's inequalities. Rather it allowed the rich and powerful to detach themselves from the bonds that connected the economic fate of all classes since World War II." FAUX, *supra* note 22, at 5.

168. For example, Africa is the most economically marginalized continent, suffers the deepest poverty, and has actually lost output because of free trade. *See* STIGLITZ, *supra* note 24, at 61. Similarly, "the share of Mexicans in extreme poverty, defined as people who cannot maintain the bare minimum of nutrition needed to remain healthy, rose from 27.9 to 31.9 percent" between 1994 and 2000. FAUX, *supra* note 22, at 139–40.

169. Such a transnational political coalition could develop in Mexico, Canada, and the United States in response to the problems created by NAFTA. FAUX, *supra* note 22, at 246–48.

170. *See* FAUX, *supra* note 22, at 158 ("Just as the discussion of economic class is resolutely ridiculed by the national media as some looney 'conspiracy theory,' the idea of a global governing economic class with its own interests is similarly dismissed in the echo chambers of international punditry.").

171. Ramirez, *supra* note 7, at 91–93 (discussing the role of economic disruptions in driving reform efforts).

Reckless destruction of human capital through constructs such as race will always lead to economic marginalization and, in turn, stunted growth. Today, there is a compelling need to correct the chronic underfunding of human capital formation through a more robust legal vindication of economic human rights. Economic human rights provide an indispensable avenue for assuring that all citizens enjoy minimal opportunity to compete within a capitalist framework and reach their full economic potential.

Currently, the global economy is suffering from impaired human capital development, and the realization of economic human rights is essential to remedying this reality. The global economic agencies—the IMF, the World Bank, and the WTO—are in a position to redouble efforts to secure economic human rights. Relatively minor adjustments to their policies and procedures could dramatically further the cause of economic human rights. Most notably, the global economic institutions should foster the vindication of economic human rights as a central part of their mission, by creating mechanisms to divert currency reserve accumulation away from excess consumption in the United States and toward development strategies that empower people in accordance with economic human rights. Unfortunately, these institutions are governed by an insulated elite that has demonstrated limited interest in using globalization to achieve anything other than the exploitation of cheap labor. Even after the debt crisis of 2008, centered on excessive subprime mortgage debt in the United States, global governing elites continue to treat the problems and wastefulness of the dollar reserve system as an afterthought at best.

Those who govern the process of globalization seem ever more disconnected from workers and ordinary citizens of any particular nation-state. This enhanced distance between those with power and those subject to the dictates of globalization is the only explanation for the rather unstable and unsustainable nature of the current global economic order. Although race was a key factor in producing this paradigm, there is little evidence that racial hostility or even morphological features is at all responsible for the nature of how globalization is governed today. Instead, the deep decapitalization of humans gripping the world economy today transcends race. Simply stated, it is the result of deep carelessness of elites with respect to the disempowered worldwide. It is the product of a new transracialism.