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The moral gap in global governance: Quantifying the negative duties of international financial institutions

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Abstract
The prevailing architecture of global governance is characterized by a systemic "moral gap" where the mission statements of International Financial Institutions (IFIs) collide with the deleterious outcomes of their policy prescriptions. This research paper moves beyond the conventional charity-based model of positive assistance to interrogate the "negative duties" of the IMF and World Bank, specifically focusing on the obligation to refrain from imposing institutional orders that foreseeably and avoidably aggravate radical poverty. By synthesizing recent econometric evidence on structural adjustment programs and longitudinal data on state-sponsored repression, the study quantifies the socioeconomic harm precipitated by fiscal austerity mandates. Through contemporary case studies of Sri Lanka's 2022-2025 recovery and Zambia's debt restructuring, the analysis highlights the persistent tension between creditor stability and human subsistence rights. The paper concludes that bridging this moral chasm requires the rigorous institutionalization of the Tilburg Guiding Principles and the establishment of independent accountability mechanisms to replace the current culture of legal immunity with one of human-centered justice.

Keywords: Global Governance, Negative Duties, Institutional Harm, Structural Adjustment, Human Rights Accountability, Thomas Pogge, International Financial Institutions, Socioeconomic Vulnerability.

Introduction

The contemporary landscape of global governance is increasingly defined by a profound and troubling paradox: while international financial institutions (IFIs) are ostensibly dedicated to the eradication of poverty and the stabilization of the global economy, their interventions frequently precipitate severe socioeconomic distress among the very populations they seek to assist. This discrepancy forms what scholars identify as the 'moral gap' in global governance, a chasm between the normative aspirations of the international institutional order and the tangible, often deleterious, outcomes of its policy prescriptions. At the heart of this discourse lies the distinction between positive duties of assistance and negative duties of non-harm. Traditionally, the ethical obligations of the International Monetary Fund (IMF) and the World Bank have been framed as positive duties to provide development aid and financial liquidity. However, a robust philosophical and empirical movement, spearheaded by figures such as Thomas Pogge, argues that these institutions are bound by more stringent negative duties: the obligation to refrain from imposing institutional arrangements that foreseeably and avoidably violate human rights by engendering extreme poverty.

Theoretical Foundations: From Positive Assistance to Negative Duties

The traditional approach to global justice has largely been characterized by a 'charity' model, wherein affluent nations and international organizations view the alleviation of poverty as a supererogatory act, a virtuous but non-mandatory contribution to the welfare of others. This perspective, championed by consequentialists like Peter Singer, focuses on the positive duty to aid those in need regardless of the cause of their suffering. However, the 'moral gap' framework shifts the focus toward an institutional harm principle. Thomas Pogge argues that the current global institutional order is not merely a neutral observer of poverty but an active contributor to it. By shaping and enforcing the social conditions that foreseeably lead to human rights deficits, the participants in this order violate their negative duty not to cooperate in the imposition of an unjust coercive structure.

The Institutional Harm Principle and Collective Responsibility

The institutional harm principle posits that we are harming the global poor to the extent that we impose upon them a shared institutional order that is implicated in the reproduction of radical inequality when a feasible alternative order exists under which such severe poverty would not persist. This argument is particularly potent because it appeals to moral intuitions shared across the political spectrum, including libertarians who prioritize non-interference over distributive justice. The responsibility is not merely individual but collective; citizens of affluent countries share in this liability because they authorize and benefit from the institutions that project power into the Global South.

This moral framework rests on the criteria of foreseeability and avoidability. Harm is foreseeable when the distributive consequences of a policy, such as the reduction of subsidies for basic foodstuffs or the privatization of healthcare, are well-documented in previous iterations of structural adjustment. It is avoidable when alternative macroeconomic strategies, such as progressive taxation or ring-fenced social spending, could have achieved fiscal stability without compromising the subsistence rights of the poor. When an institution like the IMF insists on a 'fiscal thrift' model that prioritizes debt servicing over social protection, it effectively chooses an institutional path that knowingly leaves human rights unfulfilled.

The Ontology of the Global Governed

A critical dimension of this moral gap is the invisibility of the 'global governed' within the decision-making matrices of IFIs. Historically, global governance has focused on the relationship between governors (states and institutions) and their policy targets, often treating the affected populations as passive recipients or 'beneficiaries'. Shifting the primary analytical focus to the governed reveals hidden power relations and the agency of the marginalized. The 'global governed' should be seen not as victims of circumstance but as subjects of a top-down governance model that brackets off their values and interests in favor of market-oriented efficiency. This ontological shift is essential for recognizing the subjectivity of those who bear the brunt of IFI conditionalities and for asserting their right to participate in the shaping of the rules that govern their lives.

The Anatomy of Governance Gaps: Weiss's Typology

To understand why IFIs consistently fail to honor their negative duties, one must examine the specific gaps that characterize the current architecture of global governance. Thomas G. Weiss identifies five types of 'gaps' that impede effective and just international action: knowledge, policy, institutional, compliance, and authority.

Knowledge and Policy Gaps in Economic Orthodoxy

Knowledge gaps refer to the lack of consensus or understanding regarding the causal mechanisms of global problems. In the context of the IMF and World Bank, this is manifest in the persistent adherence to neoliberal economic models despite decades of evidence suggesting that structural adjustment often fails to stimulate sustainable growth while exacerbating inequality. Policy gaps arise when there are no established governing principles to address identified threats. For example, there is a glaring absence of international law that binds IFIs to the human rights standards of the United Nations, creating a situation where monetary policy and human rights law operate in silos.

Institutional and Compliance Deficits

1. Institutional gaps occur when the formal structures of global governance are underdeveloped or non-existent for a particular issue area. While the World Bank has the Inspection Panel, the IMF lacks any independent accountability mechanism (IAM) to which affected individuals can appeal. Compliance gaps are arguably the most pervasive; even when policies are designed with pro-poor rhetoric, the actual implementation often defaults to fiscal austerity due to institutional inertia and the prioritization of creditor interests.

These gaps are not merely technical failures but are rooted in underlying ideological positions that determine whose interests the international community chooses to protect. The current structure is characterized by the absence of a central international authority capable of enforcing compliance, leading to a 'pulverization of responsibilities' where it is difficult to assign liability for systemic harms.

Quantifying the Negative Duty Violation: Econometric Evidence

The assertion that IFIs violate their negative duties is not merely a philosophical claim; it is supported by a growing body of quantitative research that isolates the impact of structural adjustment programs (SAPs) from general economic trends. A central metric in this quantification is the growth elasticity of poverty reduction, which measures the sensitivity of poverty levels to overall economic growth.

The Growth Elasticity of Poverty Under Structural Adjustment

Research by William Easterly and others has demonstrated that structural adjustment lending significantly reduces the growth elasticity of poverty reduction. This means that in countries heavily involved in IMF and World Bank programs, the poor benefit less from economic expansion than they do in countries with fewer such loans. The institutional constraints of SAPs, such as the requirement to reduce budget deficits, privatize state enterprises, and devalue currency, often create barriers that prevent the benefits of growth from reaching the lowest income quintiles.

Beyond poverty rates, the negative impact of IFIs is quantifiable in terms of inequality and public health outcomes. Higher-quality evidence using instrumental variable designs documents a marked increase in the Gini coefficient and a deterioration of health outcomes specifically in child mortality and tuberculosis rates as a direct consequence of IMF conditionalities. These programs often involve contractionary monetary policies that raise unemployment and the costs of basic services, trapping more people in a cycle of poverty.

This data provides a concrete basis for arguing that IFI policies are 'harmful' in the Poggean sense. The harm is foreseeable because it is a consistent byproduct of the structural reform model, and it is avoidable because alternative fiscal paths exist that could stabilize the economy without gutting social services.

Econometric Models of Repression: The Cingranelli-Abouharb Analysis

Perhaps the most startling quantification of IFI harm is found in the research regarding personal security rights. Using a two-stage selection model to account for the non-random nature of IMF lending, scholars have analyzed the relationship between the duration of IMF programs and government respect for citizens' physical integrity.

The Program-Hardship-Rebellion-Repression Linkage

The causal chain suggested by this research is known as the 'program-hardship-rebellion-repression' linkage. The implementation of SAPs often leads to acute social discontent as subsidies are cut and basic costs rise. This discontent frequently erupts in the form of 'IMF riots' or broader civil unrest. Governments, faced with the dual pressure of meeting IMF targets and maintaining order, often respond with coercive force, including torture, political imprisonment, and extra-judicial killings.

Statistical analysis of 131 developing countries between 1981 and 2003 reveals that countries under IMF SAPs the longest exhibited the worst records for government-sponsored torture. The two-stage model ensures that these findings are not merely a reflection of the pre-existing conditions that led the country to seek help, but are a specific consequence of the program itself. In essence, the IMF's focus on fiscal discipline reduces the 'administrative discretion' of government leaders, making them less able to monitor and constrain the abusive behaviors of police and soldiers.

Measuring Repression Through Item-Response Theory

To ensure accuracy, researchers have employed dynamic ordinal item-response theory modeling to account for the 'changing standard of accountability' over time. This method allows for a more precise measurement of government repression across 120 low- and middle-income countries.

The fact that these outcomes are statistically significant and persist even after the late-1990s 'poverty reduction' reforms suggests that the core structural features of IMF programs remain fundamentally incompatible with the protection of basic human rights.

Case Study Analysis: Sri Lanka and Zambia (2022-2025)

The theoretical and econometric critiques of IFIs are vividly illustrated by the recent economic crises in Sri Lanka and Zambia. These cases provide a real-time assessment of how structural adjustment interacts with sovereign debt to create a humanitarian and moral crisis.

Sri Lanka: The Human Cost of Stabilization

Sri Lanka's 2022 default was the culmination of structural vulnerabilities and policy missteps, including high-leverage borrowing for infrastructure with limited returns. However, the subsequent engagement with the IMF, the country's 17th such arrangement, has been characterized by unprecedented social costs. Between 2021 and 2022, poverty rates in Sri Lanka doubled from 13.1% to 25%, and by 2025, an additional 10% of the population lived just above the poverty line, remaining highly vulnerable to any further shocks.

The IMF program required Sri Lanka to double interest rates, devalue the rupee, and increase indirect taxes. While these measures successfully reduced inflation from a peak of 95% in late 2022 to single digits by 2024, they did so at the expense of household welfare. As of 2025, over one-third of households remain food insecure, and malnutrition among vulnerable groups is a serious concern.

The 'moral gap' in the Sri Lankan case is evidenced by the fact that 80% of government spending remains tied to debt interest and public sector salaries, leaving virtually no room for the growth-enhancing investments in health and education that would fulfill the negative duty of non-harm.

Zambia: Debt Restructuring and Social Protection

Zambia's journey under the Extended Credit Facility (ECF) since 2022 offers a more nuanced example. In response to widespread criticism of past SAPs, the current Zambian program includes a robust focus on expanding social cash transfers. By end-2024, the Social Cash Transfer program had grown from 800,000 households in 2021 to 1.3 million, with the transfer amount doubled to 400 kwacha per month.

Despite these efforts, the structural constraints of the global financial system remain. Zambia’s public debt, while declining from 133% of GDP in 2023 to a projected 90.7% in 2025, remains at 'high risk' of distress. The country’s dependence on copper exports and its vulnerability to climate-driven droughts (which decimated maize production in 2024) illustrate the fragility of the 'stabilization' model.

The Zambia case shows that while negative duties can be partially addressed through targeted social spending, the 'moral gap' persists so long as the underlying structure of debt and export-dependence remains unchanged. The 'success' of the program is still judged primarily by its ability to restore 'moderate' debt risk for creditors, rather than by its ability to eliminate the subsistence risks for the poor.

The Tilburg Guiding Principles: A Blueprint for Reform

The 'Tilburg Guiding Principles on World Bank, IMF, and Human Rights' represent the most comprehensive attempt to codify the negative duties of IFIs. Drafted by experts in 2003 and revised in 2014, these principles argue that IFIs have a 'responsibility for human rights respect' in situations where their own projects, policies, or programs negatively impact the enjoyment of those rights.

Key Provisions for Institutional Accountability

The Tilburg Principles mandate that the World Bank and IMF should integrate human rights considerations into *all* aspects of their operations. This includes:

- **Mandatory Human Rights Clauses:** Loan agreements should state that the institution will not finance projects or enter into agreements that contravene international human rights law.
- **Disaggregated Data Collection:** Impact assessments must use data disaggregated by gender, race, religion, and poverty level to ensure that the burden of adjustment is not borne disproportionately by marginalized groups.
- **Transparency and Participation:** Affected individuals must have the opportunity to participate actively in the design of the programs that will govern them.

Linking these legal obligations to 'economic and political realities' requires a recognition that markets are intended to ensure effectiveness, but social justice must be an integral part of the decision-making process. The 'political prohibition', often used by the World Bank to avoid human rights discussions as 'interference in domestic affairs', must be re-interpreted in light of modern international law. The final hurdle in bridging the moral gap is the 'institutional capacity' of the borrower states and the IFIs themselves. Reforming global governance requires not just new rules, but the ability of public institutions to implement specific policy mandates. This involves enhancing the 'governance dimensions' of institutions transparency, information systems, and management practices, to ensure that pro-poor spending is actually delivered.

Conclusion: Toward a Human-Centered Global Order

The moral gap in global governance is not an accidental byproduct of economic complexity; it is a systemic feature of an institutional order that prioritizes fiscal thrift and creditor stability over the fundamental human rights of the global poor. The transition from a model of 'positive charity' to one of 'negative duty' and 'institutional harm' provides the philosophical and legal framework necessary to hold International Financial Institutions accountable.

Quantifying this harm through the growth elasticity of poverty, econometric models of repression, and disaggregated health data reveals a consistent pattern of policy-induced socioeconomic decline. The case studies of Sri Lanka and Zambia demonstrate that while the 'rhetoric' of IFIs has moved toward poverty reduction, the 'reality' of their conditionalities often remains entrenched in a logic that violates the negative duty of non-harm.

Bridging this gap requires the institutionalization of the Tilburg Guiding Principles, the elimination of legal

immunities that prevent redress, and the creation of independent accountability mechanisms like an IMF Ombudsman. Only by shifting the ontological focus to the 'global governed' and treating human rights as a 'jus cogens' standard that limits all international action can we hope to create a truly just and legitimate system of global governance. The 'moral gap' is wide, but it can be closed through the rigorous application of the institutional harm principle and the recognition that the global poor are not merely objects of our aid, but victims of our rules.

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