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Abstract

The basic global distributional facts of inequality within and between countries are structuring a range of debates on policy issues which have analytical import. This paper raises three such questions: (1) Should Middle Income Countries like India continue to receive concessional development assistance from agencies like the World Bank? (2) Should the borders of richer countries be more open than they currently are to economic migration from poorer countries? (3) How does the equality of opportunity discourse within a country translate to equality of opportunity in a global perspective? But these questions appear not to have been as thoroughly investigated in the capability framework as their urgency and importance demands. They are worthy of deep and sustained investigation.

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Citizenship, Migration and Opportunity*

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Contents

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* Presidential Address to the Human Development and Capability Association, delivered at the annual conference of the Association in Tokyo, 1 September, 2016

1. Introduction

It is a pleasure, a privilege and an honor to have been elected President of the Human Development and Capability Association (HDCA). The pleasure is particularly sharp because I am Amartya Sen's student. And moreover a student from the time he was formulating the ideas and contributions which eventually became the capability approach. It is natural, then, that I should carry those birthmarks in my own work as a professional economist. I should say that we did not necessarily see eye to eye on everything. For example, in my commentary on his famous Tanner Lectures, *The Standard of Living* (Keith Hart, John Muellbauer and Bernard Williams were the other commentators[1]), I put myself at the outcome end of the opportunity-outcome spectrum, and still do. But there is no question that the capability perspective was a revolution, and the vibrancy of HDCA is testament to the ongoing relevance and uptake of those ideas.

The theme of the 2016 HDCA annual conference is Diversity in a Global Society. Much of my own work has been about the economic convergences and divergences that have been taking place, especially within and between nation states, in the last three decades of accelerated globalization. In this paper I want to pick up some of the themes that emerge from that work and highlight the normative tensions which I have felt as I have tried to address key policy and analytical questions of the moment about the relationships between national and global perspectives on distribution and wellbeing.

To get started, consider the global distribution of income (or consumption, or any other measure of wellbeing) across all individuals in the world. Decompose this global distribution by nation states. The global distribution can be broken down into the variation of average income across nation states, and variation around the national average within each nation state. Overall global inequality is thus an aggregation of within-nation inequality and between-nation state inequality.[2]

In the last 25 years, income inequality within the nation state has risen in many countries like China and India, and in Europe and the US (but not in Latin American countries). But the gap between average incomes of rich and poor countries has closed because of the much higher economic growth in countries like China, India, Vietnam, Bangladesh, and even African countries in the last decade. The net effect of these opposing forces has been a reduction in global inequality—the closing gap between nation state averages has dominated the rising inequality within countries. However, the gaps between nation states still remain high and are the dominant factor in global inequality. Around 75% of global inequality is accounted for by differences in average incomes across nation states. Only 25% is accounted for by variations within countries around the national averages.[3] These basic distributional facts on the ground are structuring a range of debates on policy issues, and these debates also raise analytical and conceptual issues which I believe are of importance to HDCA.

In this paper I will take up three issues with which I have engaged in the last few years, and I pose each of them in the form of a question:

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[1] See Sen (1987) and Kanbur (1987)

[2] For a technical exposition see Kanbur (2006a).

[3] For the basic trends on global inequality, see for example Milanovic (2016), Lakner and Milanovic (2016), Kanbur and Spence (2010), Kanbur (2014).

- Should Middle Income Countries like India continue to receive concessional development assistance from agencies like the World Bank?
- Should the borders of richer countries be more open than they currently are to economic migration from poorer countries?
- How does the equality of opportunity discourse within a country translate to equality of opportunity in a global perspective?

These issues are of course interrelated. And closely related to these debates is the salience of the Westphalian nation state in today's globalizing world. The salience issue touches upon both the positive and the normative. Alongside positive analytic predictions on whether nation state will or will not wither away are normative debates on whether it should. In this paper I want to illustrate the analytical tensions I have felt when I have addressed specific policy issues, feeling myself pulled first one way and then another. I will speak primarily as a card carrying economist, but one who has hopefully a view that reaches beyond the narrow if powerful economics lens. The issues are, I believe, of importance to the Association and to this annual conference, whose theme is "human development and social justice in an increasingly globalized world where people's circumstances and values are vastly different and rapidly changing"[4].

[4] See the conference website at https://hd-ca.org/conferences/2016-hdca-conference-tokyo-japan#anchor2

2. Should India Get Development Assistance?

The World Bank's soft loan window, International Development Association (IDA) has a "graduation threshold" based on national per capita income. Leaving various technicalities and details to one side, roughly speaking when a country crosses the threshold from Low Income Country (LIC) status to a Middle Income Country (MIC) status it loses access to these concessional funds.[5] Most other development assistance funds, including bilateral aid programs, have similar graduation thresholds, but here I will focus on the IDA case because other funds take their lead from IDA.

Consider the following two facts highlighted by Andy Sumner, using official definitions and data. Thirty years ago, 90% of the world's poor lived in LICs. Today, 75% of the world's poor live in MICs.[6] The poor haven't moved, of course. But the countries in which they live have been reclassified, thereby changing their access to the global community's development assistance funds. Ben Leo and Todd Moss ran the movie forward, using standard IMF growth projections.[7] They found that within 10 years, IDA--a fund which was a created to engage with the world's poor--will soon be disengaged from the world's poor. Which leads to the question that Ravi Kanbur and Andy Sumner posed in their paper "Poor Countries or Poor People?"[8]

India was (and is) a very sharp example of this phenomenon. By 2013 India had crossed the per capita income graduation threshold and in fact had been above it for three years in a row, which triggered the graduation discussion within IDA. But although India was now a MIC (albeit only just so), it had several hundred million people below the WB's official poverty line. "Graduating" India would mean that the WB's concessional assistance would be disengaged from these poor people.[9]

There are two strands of argument on why India and other MICs should stop getting (or get only highly reduced) official development assistance:

- When a nation's per capita income crosses the poverty line there is no further obligation on other nations to assist that nation.
- Even if there is an obligation to assist the poor no matter where they live, persistence of poverty despite high per capita income is an indicator of the weak efficacy of official assistance in alleviating poverty.

The second of these is a fairly standard issue in the design of aid programs, and leads to the much discussed issue of conditionality.[10]

But the first of these takes us directly into a debate between Rawls and the "Global Rawlsians" who would apply the Rawlsian Maximin on the world stage independently of the nation state in which the poor happened to live. As Thomas Nagel summarizes it (Nagel, 2005, pp. 114-115):

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[5] Some of the operational details and technicalities are considered in Kanbur (2012) and Severino and Moss (2012).
[6] Sumner (2012).
[7] Moss and Leo (2011). The implications for one particular country, Ghana, are discussed in Moss and Majerowicz (2012).
[8] Kanbur and Sumner (2012.)
[9] Kanbur (2015).
[10] See for example, Kanbur (2006b) and Kanbur and Tuomala (2006).

- "Rawls argued that the liberal requirements of justice include a strong component of equality among citizens, but that this is a specifically political demand, which applies to the basic structure of a unified nation-state."
- "Egalitarian justice is a requirement on the internal political, economic, and social structure of nation-states and cannot be extrapolated to different contexts."

Contrary to the above "political conception" is the "cosmopolitanism" of Beitz, Pogge, Singer and others[11], based on the equal concern and duty that is owed to all human beings:

"…it would be morally inconsistent not to wish, for the world as a whole, a common system of institutions that could attempt to realize the same standards of fairness or equal opportunity that one wants for one's own society. The accident of being born in a poor rather than a rich country is as arbitrary a determinant of one's fate as the accident of being born into a poor rather than a rich family in the same country." (Nagel, 2015, p. 119)

My own instincts are cosmopolitan, and my technical work in this area works with an objective function which maximizes a social welfare function defined over the well-being of all individuals in the world, without any weights for the nation state in which they live. Note, of course, that such an exercise could end up conditioning aid on nation state characteristics, but for reasons of instrumentality rather than the objective—for example if we could establish that certain types of nation states were unlikely to use aid resources well. [12]

However, there are occasions when this cosmopolitanism is jolted and I have to look deeply at the roots of my cosmopolitanism:

- In my public presentations on this topic, I am often reminded that most cosmopolitans are, well, cosmopolitans like me, who are more likely to have high incomes, travel widely and intermarry across borders. "Ordinary people" if I might use the term, are more likely to have "the political conception" in mind when they say about India: "They have a space program, they are buying up factories in in our country, they have their own aid program(!). Why should we send money to their government to help their poor?"
- As we all know, the first MDG, halving global poverty over the 25 years from 1990 to 2015, was indeed achieved. But it was achieved because of the performance of India and China. Poverty in Africa was not halved over this period. If we were true cosmopolitans it should not matter to us where the poverty is reduced, so long as it was reduced. A little less reduction in Asia and a little more in Africa holding the total change the same should not matter to us. And given this history we should be indifferent to devoting resources (with the same efficiency) to reducing poverty (measured in the same way) in Asia or in Africa. But if we are not indifferent, if we have a gnawing feeling that the focus should now be on African poverty rather than Asian poverty (poverty at the same level of intensity), we are revealing, I think, the non-cosmopolitan in our breast. At least, I admit that I do and that I am.
- When I do analysis of regional policy within a country, I am often confronted by my fellow economists arguing for policies which maximize an objective function based for example on national poverty, but which might, for example, denude an entire sub-region of its population,

[11] Beitz (1979), Pogge (1989), Singer (2002). In many ways the debate is between Rawls (1971) and Rawls (1999).
[12] Kanbur (2005), Kanbur and Tuomala (2006).

and hence its identity. I find myself in sympathy with the regional identity argument, and sometimes argue for a weight to be given to these considerations, again drifting away from strict cosmopolitanism within a country.

In any event, despite these gnawing questions, my stance on development assistance is that no country should be taken off the development assistance list merely because its average income crosses a certain threshold. Our objective should be to minimize a global index of poverty, and average characteristics of nation states, like their average income, should be confined to their role as instruments of global poverty reduction. This is, incidentally, a very tough sell in rich countries.

I conclude this section, then, by asking--how exactly would a capability approach address these issues? We do not really know, because there is not much written on this class of questions in the capability frame. I put this forward as a fruitful area for further research and reflection.

3. How Open Should Borders Be?

The stock of cross-border migrants in 2015 was 244 million.[13] This is 3.3% of the world's population. In the year 2000 this number was 174 million, meaning that in the first 15 years of the new millennium, migrant flow was around 5 million per year. On the face of it, these are surprisingly low numbers given the reaction to migration from some sections of the receiving populations. But migrants are concentrated in particular destination countries and form a much larger proportion of the major receiving countries—15% in the US, 15% in Germany, 17% in Sweden, etc. Further, migrants concentrate in large cities, and data show that in many of these migrants form 20% to 40% of the population. Finally, these are official figures on registered migrants. Illegal migration can increase these numbers significantly.

In what follows my focus is on economic migration. I do not have much to say on refugee flows which have dominated recent discussion. Net migrant flow is from poorer countries to richer countries. Migration from South to North accounted for 37% of the total stock in 2015; migration from North to South accounted for 5%. South-South migration was significant (37%), but here again the flow is towards countries like South Africa from neighboring poorer African countries. Clearly, borders are open to some extent. Should they be much more open?

The standard economist approach to borders is to view them as a distortion to the free movement of a factor of production, in this case labor. Removal of this distortion will (under certain conditions) increase global efficiency; it will increase the overall size of the global pie although it may of course have distributional consequences as well. What sorts of distributional consequences? The migrants themselves will be better off (on average). But migration to the labor market of a receiving country will put downward pressure on the wages in that country. And outmigration may have negative consequences for the sending country.

By and large the empirical estimates done by economists indicate significant global gains to opening borders.[14] The debates among economists center on the relative magnitudes of the distributional consequences in the sending countries and receiving countries. For the sending countries, till quite recently the major focus was on the "brain drain"; the assumption being that starting with a fixed stock of human capital (educated workforce) more open borders in the rich countries would mean a denuding of this human capital stock in the poor countries. But more recently the "brain gain" hypothesis has found some favor among economic theorist and empiricists. The idea is that the stock of human capital is not fixed. It is determined by individual decisions to acquire human capital, and more investment will be made the greater the expected return, and this will be higher the more open the borders of rich countries. In this scenario increasing the probability of getting a higher return by migrating to a rich country could increase domestic accumulation of human capital by so much that even allowing for the greater leakage the poor country would be left with a higher human capital stock. There appears to be

[13] Data on international migration are taken from International Organization for Migration (2015).
[14] The literature is huge. Just one recent example which illustrates the methodologies and assumptions typically used is Delogu, Docquier and Machado (2013).

some evidence for this mechanism.[15] However, these benefits of migration to sending countries are not unchallenged in the literature.[16]

The really big debates and sharp disagreements tend to concentrate on implications of in-migration for rich receiving countries. Against the standard argument that an influx of labor will depress local wages is put the argument that it will also increase the demand for labor through increasing the return to capital and hence investment and growth. But the empirical estimates are finely balanced and things seem to come out more or less even in the wash:

"From 1960 to 2011, the number of immigrants in the United States rose from less than ten million to more than 40 million, doubling the foreign-born share of the population. The question of whether this enormous influx of labor has raised or lowered wages and employment has spawned much debate among economists. But the distance between the two sides is quite small; estimates of the cumulative effect of decades of immigration on natives' wages range from around negative three percent to positive one percent." (Clemens and Sandfeur, 2013).

But the debate on the wage impact is strong and at times acrimonious.[17]

There are similar sharp debates on the pressure on public goods. On the one hand there are obvious extra needs on the existing stock of public schools, housing, etc. On the other hand since immigrants are younger they lower the dependency ratio and help the fisc in that way.

"In a 2013 study of 27 countries, the Organization for Economic Cooperation and Development (OECD) found that immigrants contribute an average of $4,400 more per household to the government than they receive in benefits each year. For 20 of these countries, immigrants' net fiscal contribution was positive; in the United States, that figure was around $11,000 per immigrant household." (Clemens and Sandfeur, 2013).

Again this is not undisputed. In any event the overall conclusion drawn from the same set of studies can also differ in this debate. This is illustrated by a the statements of the recent National Academy of Sciences (NAS) Report on the one hand, and its (re) interpretation by a member of the same panel:

"When measured over a period of 10 years or more, the impact of immigration on the *wages* of natives overall is very small. However, estimates for subgroups span a comparatively wider range, indicating a revised and somewhat more detailed understanding of the wage impact of immigration since the 1990s." (Blau and Mackie, 2016, p.4)

"Immigration has a harmful effect on the earnings of low-skill workers" (George Borjas, Member of NAS Panel, "A User's Guide to the 2016 NAS Immigration Report", Blog on Report, 21 Sept, 2016, https://gborjas.org/2016/09/).

"On average, individuals in the first generation are more costly to governments, mainly at the state and local levels, than are the native-born generations…For 2013, the total fiscal shortfall (i.e., the excess of government expenditures over taxes) was $279 billion for the first generation group…Viewed over a long time horizon (75 years in our estimates), the fiscal impacts of immigrants are generally

[15] The economic arguments are reviewed in Boeri et. al. (2012).
[16] Brock and Blake (2015), Collier (2013).
[17] For example, Borjas (2017), Clemens and Hunt (2017).

positive at the federal level and negative at the state and local levels.”……“Assumptions play a central role in analyses of the fiscal impacts of immigration.” (Blau and Mackie, 2016, pp 5-8))

“Immigrants and their dependent children create a fiscal burden.” (George Borjas, Member of NAS Panel, “A User’s Guide to the 2016 NAS Immigration Report”, Blog on Report, 21 Sept, 2016, https://gborjas.org/2016/09/).

But even those who believe the seeming consensus of the benign effects of immigration on rich receiving countries must surely recognize the palpable and growing angst in these countries about immigration. And that this angst is more concentrated at the lower end of the distribution, or at least associated with sharply rising inequality. There are many ways of illustrating this. One vivid way is to look at the negative correlations across British counties between the percentage voting for Brexit and a range of socio economic characteristics such as income, education and “ABC social grade”.[18] Even in London, which overall registered a strong vote to remain in the EU, the leave vote had a majority in the east London working class areas of Havering, Barking and Dagenham. The Brexit vote patterns are just one manifestation of broad trends that are seen throughout Europe and of course in the US. But why, given all the economic estimates referred to earlier?

One answer could be that natives are mistakenly attributing the rise in inequality in their countries, stagnant real wages and other related phenomena, to immigration, even though the actual impact of immigration per se is quite small, the real culprits being trade, technology, and tax policy. I think these two explanations do suffice in the economic realm, and lead to important policy implications on redistributive interventions to address rising inequality no matter what its causes, and indeed to have automatic redistributive mechanisms like highly progressive taxation and public expenditures so that the distributional consequences of a range of shocks like technology, trade and immigration can be addressed rapidly.[19]

There is, however, one disturbing line of thought which is independent of the distributional consequences of immigration, but which is argued to possibly have long term economic consequences. Paul Collier is the most prominent economist associated with this argument, and it turns on the consequences of diversity broadly construed. Collier starts with an econometric literature on African growth, which argues for a correlation and even a causation from ethno-linguistic diversity to economic growth (controlling for other factors, of course).[20] The econometric literature echoes the writings of the distinguished historian of Africa Basil Davidson, whose book *The Black Man's Burden: Africa and the Curse of the Nation-State,* traces the consequences of arbitrary colonial borders which left a legacy of multi-ethnic nation states in Africa.[21]

There is also a microeconomics literature, more debated, arguing that cooperation, variously measured, is more difficult when the group in question is heterogeneous in nature, heterogeneity also being variously measured, including by ethnicity.[22] Putting these together, and transferring the setting to rich migrant receiving countries, Collier argues for a cap on migration because in his view under

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[18] http://www.theguardian.com/politics/ng-interactive/2016/jun/23/eu-referendum-live-results-and-analysis
[19] Kanbur (2014).
[20] The literature is ow very large. The original paper is Easterly and Levine (1997)
[21] Davidson (1992).
[22] For example, Miguel (2006), Hjort (2014)

present conditions heterogeneity is increasing too fast and could reach a level where it could undermine cooperation:

"Migrants increase social diversity. Diversity enriches economies…..[b]ut diversity also undermines mutual regard and its invaluable benefits of cooperation and generosity….[B]eyond some level greater diversity might begin to jeopardize cooperation games and undermine the willingness to redistribute income." (Collier, 2013, p. 254)

Intriguingly, then, Collier seems to hypothesize that causality runs from immigration, through diversity and thus less redistribution, to greater inequality.[23] However, as he notes, "Unfortunately, social research is currently nowhere near the level of sophistication needed to estimate at what point diversity would become costly." Nevertheless, for managing diversity and for other reasons, Collier argues for migration caps.

To summarize, then, economists do have ways of answering the question how open should borders be. The basic economist's instinct is to view borders as regulatory distortions and to argue for their removal for "global efficiency." But economists also recognize that these overall aggregate gains and could be made up of gains and losses for individuals and groups. The migrants themselves gain (on average). The effects on sending countries run in different directions, but by and large the consensus is that the net effect on them is positive. The effects on receiving countries are the most debated. By and large the quantitative estimates do not suggest large losses for the poor in rich countries, but this opens up the question of why then migration is resisted. The nativist argument of cultural diversity has a counterpart in the economic literature, but consensus on this is some way off.

I come back to the question at the end of the last section. How exactly would the capability approach address the question of diversity and its possible impact on the efficacy of collective action and support for redistribution? We do not really know, and there are very few papers in the literature which address this question from the capability perspective. I suggest this as an important area for further research and reflection on the part of capability analysts.

[23] The argument is echoed in the political philosophy literature by authors such as Miller (2016).

4. Opportunity and Citizenship

It was noted at the start that three quarters of the variation in income across all individuals in the world is accounted for by differences in the average incomes of the countries where they live. As Branko Milanovic notes in his recent book:

"When income differences among countries are large, then a person's income depends significantly on where they live, or indeed where they are born, since 97 percent of the world's population live in the countries where they were born. The citizenship premium that one gets from being born in a richer country is in essence a rent, or if we use the terminology introduced by John Roemer in his Equality of Opportunity, it is an "exogenous circumstance" (as is the citizenship penalty) that is independent of a person's individual effort and their episodic (that is, not birth related) luck." (Milanovic, 2016, p. 132)

We are all by now familiar with John Roemer's important articulation of (in)equality of opportunity in a way that permits quantification.[24] The initial development of the argument has a nation state or a polity in mind. Conceptually, the key to the Roemer approach is attributing variation in an outcome of interest (income, say) to factors outside the control of the individual ("circumstance") and those factors which the individual controls ("effort"). Empirically, these concepts have to be matched to variables available in household survey data. In the national setting, circumstances are, typically variables such as gender, race, parental education and occupation, region of birth. The fraction of variation in income which is attributable to these is quantified as "inequality of opportunity." The method was applied initially by the World Bank to Latin American countries in 2009[25] and since then has been applied widely to many other countries.

Kanbur and Wagstaff (2015, 2016) have critiqued these estimates of Inequality of Opportunity at the national level on empirical, policy and conceptual grounds. Empirically:

- The estimate is clearly only a lower bound, since there could be variables for which we simply do not have data.
- The estimate depends on how many categories the circumstance variable can be divided into.
- For cross-country or over time comparability we need the same circumstance variables. Thus the estimate is determined by the lowest common denominator of data availability.

For policy:

- Actual estimates of inequality of opportunity are around 25% or lower—only a quarter of the variation of income is explained by circumstance variables available in the data. The rest must therefore be effort or luck. There is a danger then that policy makers will take comfort from the fact that inequality of opportunity is "only" 25%.
- Any actual policy instrument will presumably affect both circumstance driven inequality and effort driven inequality. How is one to parse out the two effects in policy choice?

Conceptually:

[24] Roemer (1998), Roemer and Trannoy (2014)
[25] Paes de Barros et. al. (2009)

- Can we, even conceptually, separate out factors which are in the control of the individual from those which are outside this control? Inherited talents through genes may be circumstance. But are inherited preferences then also not circumstance? What if preferences, even if not inherited, are inculcated through the family? Are these not also circumstance? What then is left of "effort"?
- "Luck" may explain a large part of the empirical residual. How is this to be treated? How is "Brute Luck" versus "Option Luck" to be treated?
- If we treat variation due to effort as legitimate and not open to policy intervention, and variation due to circumstance as illegitimate and open to policy intervention, what happens (as in the case of parents and children) when one person's effort becomes another person's circumstance?
- How does the outcome/opportunity distinction translate to the functioning/capability distinction which is central to capability theory?[26]

However, I now want to examine equality of opportunity discourse in the global context. In the simplest setting, we can treat country of residence as a circumstance (as Milanovic notes, for 97% country of residence is country of birth, but we will return to this presently). This one circumstance variable explains 75% of the variation of incomes in the world as a whole. Thus "Citizenship Inequality of Opportunity" would, in a direct analogy to Roemer, be quantified as 75%.

So far so good. But some questions do come to mind in the context of the nation state in a global setting. Treating the average income of a nation state as exogenous to the individual effort of any one individual in that country seems appropriate. But let us ask what the determinants are of the average income of a country. There is a big economic literature on this topic, with many twists and turns, including on the validity or otherwise of cross-country econometric regressions. A whole range of factors turn out to be potential candidates as explanations of cross-country variations in national per capita income, including: Geography, Ethnolinguistic composition, Education levels and distribution, Health levels and distribution, Macroeconomic stability including fiscal stability, Trade openness, Institutional quality—civil service and judiciary, Institutional quality—democracy, Institutional quality—civil society, Trust, Etc.[27]

Of these, only geography and perhaps ethnolinguistic composition can be treated as truly exogenous to the efforts of the population. Other factors like macroeconomic policy or institutional quality are at least to some extent influenced by the collective actions of the population of that country. The question then arises, what right do individuals in a country have to the incremental per capita income which results from their collective actions, controlling for other factors (such as geography) which may truly be deemed exogenous. This type of question is not posed in the Roemer inspired inequality of opportunity discourse which has a highly individualistic perspective and entry point.

A related question, given the importance of historical trajectory in determining current outcomes for a nation, might be the following: what right does the current generation of citizens have to the differential per capita income which accrues because of the quality of institutions which have been bequeathed to them by previous generations through their collective actions in the past? Although this

[26] Robeyns (2015,) Kanbur (2017).
[27] A good source of reference material is Aghion and Durlauf (2014).

exercise has not been done because these questions have not been posed in quite this way, we could in principle quantify the impact, for example, of this generation's incremental institutional improvements on its per capita income relative to that of the current generation in other nations, as a minimal estimate of legitimate variation in national average income. At the other extreme, we could quantify the impact of today's institutions, which embody the collective actions of all past generations, as a maximal estimate of legitimate variation in per capita national income.

Of course at the other end we could add other historical variables as national level circumstance variables, such as colonial exploitation. But the basic point is that at least some of the variation in per capita income, would be deemed to be the result of collective national effort and thus, perhaps, a legitimate source of variation in individual level incomes. The global inequality of opportunity number would then perhaps be less stark than the raw 75% we get from simple decompositions of inequality between and within countries.

But all of this also raises again the question, how would a capability approach address these questions? I don't think we really know. I suggest this as an important area for further research and reflection in the capability framework.

5. Conclusion

Globalization in its various forms is impacting the Westphalian frame of the last three and a half centuries. How much control a nation state can have and should have over its own affairs in a hyper globalized world is much discussed. In this paper I have discussed three interrelated literatures where normative tensions between the global and the nation state perspectives on individual wellbeing are to the fore.

- The development assistance "graduation criteria" of the World Bank and others have an implicit normative frame which treats the nation state as characterized by its average characteristics rather than looking beyond this to see individuals in a global setting. A move towards a focus on poor people globally rather than poor countries would lead to a significant revision of these graduation criteria.
- The standard economist prescription on migration, to open borders as much as possible, flows from their perspective on border regulations as being market distortions. Not surprisingly, in most of their models the global aggregate welfare rises with more open borders. But this aggregate rise is made up of gains a losses in different sections. Of particular policy interest are the potential losses from in-migration to the poor in rich countries. Added to this are the possible consequences of increased heterogeneity for collective action and redistribution.
- 75% of the variation of incomes across all individuals in the world is accounted for differences in national per capita income. A simple translation of domestic equality of opportunity discourse to the global context treats the variation in national average income as "circumstance" rather than "effort". But the fact that national institutions are a determinant of national per capita income raises the intriguing question as to whether the outcome of collective action at the national level is the result of effort or of circumstance. Our normative views on this may well impact our assessment of alternative policies to address global inequality of opportunity in a world of nation states.

The questions I have posed in this paper are all absolutely central questions of the moment in the policy arena, and they in turn raise deep analytical and conceptual issues. But they appear not to have been as thoroughly investigated in the capability framework as their urgency and importance demands. I put these questions as worthy of deep and sustained investigation.

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