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Freeing People; Restricting Capital

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Abstract
How free should the movement of people be compared to the movement of capital? Unlike those who defend a presumption in favour of symmetrical treatment, I suggest that the presumption in favour of free human movement is much stronger than the same presumption in favour of the free movement of capital. Against those who claim that capital ought to be freer to move than people, I argue that states have much stronger reasons, both of distributive justice and cultural integrity, to constrain capital movement than they have to restrict human movement. Further, the case for restricting skilled workers' right to exit their country in the case of brain drain is much weaker than the parallel case for restricting investors' right to exit from a country that faces a threat of capital flight. Overall, my argument supports the 'reversed asymmetry thesis': People should be much freer to move than capital.

Key words: Capital mobility; immigration; brain drain; capital flight; open borders

While human mobility remains widely constrained across the world, free capital mobility is a loose governing norm of the current global economy, which is enshrined in several treaties. Every day, trillions of dollars cross both residency and currency borders (Lubin 2018).

Some political philosophers have argued that treating the movement of people and capital in such a disparate way may be ethically inconsistent. For example, Robert Goodin (1992, 6) asks: 'What makes the inflow of people so very different from the inflow of finance capital?' The answer, Goodin (1992, 19) responds, is nothing much. 'However free or constrained such movement is to be, it ought to be equally free or constrained', at least presumptively, for 'both money as well as for people'. Interestingly, Goodin's quest for presumptive symmetry was institutionally entrenched in the Treaty of Maastricht the same year (1992), when he advocated for it. The Treaty established the free movement of people as one of the fundamental freedoms of the EU single market, on a par with the free movement of capital (De Cecco 2019).

The symmetry thesis has deep roots in both political philosophy and economic theory. Liberal philosophers often regard the right to control the movement of one's property as resting on the same interests that also ground the right to control the movement of one's body: independence and personal self-determination (see, for example, Dagan 2020). Economists, on the other hand, treat human and financial capital as substitutable factors of production that can be freely moved and invested to secure their most productive use (see, for example, Arrow et al. 1961). If one's property and one's body are both means of freedom and forms of capital, it is not unreasonable to think that we may have similar reasons to equally free, or otherwise constrain, their movement.

But, of course, not everybody agrees with the quest for symmetry. Brian Barry (1992) directly objected to Goodin's finding that there are good reasons to restrict the movement of people while liberalizing the movement of financial capital. Unlike the movement of people, the movement of capital, Barry argued, is likely to be Pareto optimal and to work to everyone's economic benefit (including, presumably, the worst off). Further, inflows of people are likely to be more disruptive of the culture of receiving countries than inflows of capital.

Barry's call for asymmetrical treatment also has its institutional counterparts. In the late 1990s, the International Monetary Fund (IMF) attempted to enshrine a foreign investor's right to freely move capital in and out of any national capital account, while no similarly powerful institution of international governance ever seriously considered a norm of free human mobility (Eichengreen 2008). The IMF's reasoning was similar to Barry's: by channelling the world's savings to their best possible use in investments throughout the world, the free transnational migration of finance capital promoted efficiency, economic growth, and poverty reduction to the benefit of all, including the worst off.

After the brief exchange between Goodin and Barry in the early 1990s, political philosophers have remained virtually silent on the question of symmetry: how free should the movement of people be compared to the movement of capital?

Perhaps there are reasons for this silence. It might be thought that to try to compare human movement to capital movement is to fall prey to a neoliberal ideology that treats human beings on a par with commodities. However, one powerful way to criticize this ideology is precisely to question whether the considerations – Pareto optimality, socioeconomic justice, and cultural integrity – often invoked in favour of privileging the liberalization of capital over human movement do, in fact, support such privileging.

Answering the question of symmetry is thus the objective of this paper. Departing from Goodin, I will first suggest that the presumption in favour of free human movement is much stronger overall than the presumption in favour of the free movement of capital. Symmetry should be rejected, even at the presumptive level. Against Barry, I further argue that states have much stronger reasons, of both distributive justice and of cultural integrity, to (largely) constrain capital movement than they have reasons to restrict human movement. Even in the somewhat exceptional case of brain drain – the flight of human capital – the case for restricting a skilled worker's right to physically exit their country is weaker than the parallel case for restricting investors' rights to exit from a country that faces a threat of capital flight.

My argument will support what I shall call 'the reversed asymmetry thesis': people should be, overall, much freer to move than capital. The precise constraints that should be imposed on the movement of capital are left for another time (Cordelli and Levy 2022).

I say 'overall' to indicate that not all movements of people should be equally liberalized and not all movements of financial capital should be equally restricted. The thesis I defend is pluralistic because it allows for important differentiations between different kinds of human and capital movements. It is also dynamic because it illuminates complex interrelations between such movements. On the one hand, the liberalization of a large part of human movement can be justified on grounds of international justice if and because certain (non-speculative) capital movements, such as remittances, are left unconstrained. On the other hand, a circumscribed set of capital movements should receive special protection because, and only to the extent that, it is instrumentally necessary to support people's ability to freely move.

An important clarification is in order. When we refer to the free movement of people, we typically refer to the movement of physical bodies across territorial borders; however, the movement of financial capital does not necessarily entail that physical objects move across physical borders. Capital mobility means the transfer of property from the capital account of one national economy, which consists of a country's financial assets (for instance its currency, stocks, or bonds) into or out of another national capital account. Further, the concept of capital mobility encompasses different kinds of transactions, including (i) short-term, speculative movements of finance capital, also known as 'hot money'; (ii) long-term, cross-border investments that generally establish a more

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durable and fixed interest, whether economic or affective, in their objects, and: (iii) remittances, as well as humanitarian transfers that are directly aimed at benefiting third parties in a foreign country.[1]

The Question of Presumption

To establish how strong the presumption in favour of free movement is, whether of people or financial capital, we need to know how basic the liberty involved in such a movement is. Basic liberties, unlike more trivial liberties, are grounded on particularly fundamental interests, such that their restriction must meet a high burden of justification (Rawls 1996).[2] In this section, I will argue that whereas a fully general basic liberty to free international human movement may be difficult to justify; there are strong reasons in favour of context-sensitive and content-dependent, but still widely applicable, specific basic liberties to free human movement across borders. While this is also partly the case with regards to capital movement -– there are strong reasons to support certain specific basic liberties to free capital mobility – such liberties cover a much narrower set of cases and very specific uses only.

The attribution of basic status to a certain freedom should take into account not only (i) the importance of the human or social interests such freedom is meant to protect and (ii) how necessary the freedom is to protect those interests, but also (iii) the costs that recognizing such freedom as basic would impose on others. However, for this section, I will only very briefly deal with the issue of costs since this issue will be given full consideration in the next section where I will discuss the question of justified restrictions on movements.

The question of whether there exists a general basic liberty to freely move across territorial borders is the question of whether even those who do not suffer from either persecution or gross socioeconomic deprivation should be entitled, as a matter of fundamental right, to freely move and reside for as long as they like in other countries of their own choice.

The case in favour of a general basic liberty to free international movement is often grounded on an individual interest in personal integrity, understood as a person's ability to freely pursue and honour attachments and life plans that he/she has already developed (see, for example, Oberman 2016).[3] The options we need to pursue what we care about may be unavailable in our society of origin. One may be in love with someone who resides abroad or, maybe, is a member of a religion that is not represented in one's domestic society. International freedom of movement would then seem necessary to fulfil our interest in integrity, and such interest is sufficiently important to justify the impositions on others of a positive duty to create the conditions for free international movement.

This argument has much to commend but it is unlikely to succeed in grounding a general basic liberty of free international movement. For one thing, human beings tend to form life plans and attachments in response to the options that are already open to them. Therefore, in a world where the movement of people is highly restricted, most people will likely form attachments and commitments that do not require international movement to be pursued. More importantly, as some have noticed, not all life plans may count the same when it comes to justifying the imposition of costs on others (Miller 2016a; Miller 2016b; Stilz 2017). While we may arguably expect third parties to bear significant costs to protect people's interests in cultivating their family attachments, for it may be unreasonable to expect individuals to revise commitments that comprehensively structure their identity and ethical life, no such cost imposition seems justified just to fulfil other people's bare preferences, which can be more easily changed without loss

[1]New market-based forms of finance have blurred the distinction, often used in finance, between 'portfolio' and 'foreign direct investment' (Borio 2016; Carney 2019). Still, as we shall see, the normative and economic relevance of distinguishing short-term speculative movements from long-term investments is essential.

[2]Rawls argues that a liberty qualifies as basic whenever necessary to support the development and full exercise of either citizens' moral power to form and pursue a conception of the good over time, or of their sense of justice.

[3]Oberman, however, does not use the term integrity to refer to this particular interest.

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of self.[4] Appeals to integrity thus provide strong pro tanto reasons to grant basic status to freedom of international movement for a set of specific uses only; such as, for example, family reunifications or participation in one's religious community when this is underrepresented in one's country of origin (Stilz 2017). It is true, however, that the more interconnected the world becomes, the broader the scope of cases that should be afforded protection becomes.

By contrast, this is not true of free international capital movement. Even in a highly interconnected world, limiting the global range of investment options at the disposal of individuals would not generally compromise their integrity. This is because most financial pursuits lack a comprehensive and non-negotiable character. I am not denying that people can deeply care about their economic investments or that the latter can have an affective component. However, such investments are generally more substitutable – while individuals rarely change their religion or family attachments, they change the direction of their investments all the time. Call this the 'problem of substitutability'.[5] Further, the fulfillment of those human pursuits that present themselves as non-negotiable to those who enjoy them – for example, practising one's religion – generally requires direct human interaction rather than pecuniary investment.

Should we conclude that integrity grounds no basic liberty to freedom of international capital movement? Not quite. Integrity does ground, at least *pro tanto*, a specific basic liberty to free international capital movement but does so for certain specific uses only – a set that is narrower than the one applicable to freedom of international physical movement.

Under specific circumstances, the best way people can honour their attachments to their family members or friends is by helping them through international capital transfers (Cordelli and Levy 2022). This is most obvious in the case of poor immigrants for whom the ability to help their family members through remittances becomes a central part of their ethical life. Similarly, in cases where people have interiorized their humanitarian obligations as demands of conscience, and international financial transfers are the only or the best way of discharging such obligations, free capital mobility may be granted, on grounds of integrity, basic status, at least *pro tanto*. But neither of these justifications extends to the majority of capital movements, including speculative capital transfers or long-term investments.

However, it may be argued that people do not only have an interest in honouring pre-existing attachments but also an interest in exploring new possibilities, at least to the extent that doing so is necessary for them to regard their life plans as being authentically endorsed, and to maintain a meaningful ability to revise them (Oberman 2016). People should then be left free to cross borders, even when this is not necessary to pursue some comprehensive attachments they already have. However, what matters for authenticity is that people have access to an adequate rather than maximal set of options. As Stilz (2017) rightly puts it: 'My choice of an academic career is not less authentic because I wasn't able to go to Japan to explore sumo wrestling.' Authenticity, then, can ground a *pro tanto* right to free international movement only when a person's country of origin fails to offer an adequate range of options for 'life experiments'.

Appeals to authenticity would be unable to ground a basic liberty to freedom of capital movement, even in this narrow set of cases. This is because exploring new practices or ways of living to an extent sufficient to understand whether we want to give up our old practices for these new possibilities generally demands a direct mode of experiencing, which financial transactions cannot provide. Whereas I may come to better understand and perhaps appreciate Buddhist life by interacting with the members of a Buddhist community, simply investing money in a Buddhist community abroad would be unfit for that same purpose. Call this 'the problem of unfitness'.

[4]This argument need not rest on a perfectionist ranking of values but rather on the consideration that, by their very nature, some pursuits have a more substitutable character than others such that they can be more easily changed without loss of integrity.

[5]But what about a society where making profit becomes the new religion? Wouldn't economic investments count as non-negotiable pursuits then? No. The priority of the right over the good constrains the range of pursuits that individuals can reasonably expect a society to treat as non-negotiable.

But, perhaps, a case for a basic liberty to free international movement can be grounded in the more general interest in personal self-determination, understood as the interest in developing and maintaining the capacity to plan long term – to form, pursue, and revise a conception of the good over time. This interest would seem to ground a *pro tanto* right to emigrate whenever one's domestic society is unable to secure the necessary material conditions to plan long term, including the fulfilment of basic economic needs, as well as basic conditions of security, social stability, and self-respect. But if we take seriously the psychological, beyond the material, conditions for a person's capacity to form and pursue long-term life plans, self-determination may arguably also ground a universal *pro tanto* right to international movement. This is because being forced to stay in a place one wants to leave can be a cause of alienation, here understood as a state of estrangement from those social, cultural, and relational aspects of one's existence that were previously experienced as familiar. In turn. being and feeling estranged impairs our ability to form attachments and to invest emotionally in the pursuit of long-term plans. Personal traumas, the memory of which is repeatedly triggered by the sight of certain places; the systematic disillusionment of a person's social and economic expectations by their society; or even becoming aware of the past and/or present history of abuses of one's country – these are just a few examples of factors that can initiate a process of estrangement from one's own country, a process that culminates in the loss of one's home. It could be argued that an argument from estrangement can, at best, pro tanto ground a claim to exit one's country, not to enter whichever country one wants to go to. But insofar as humans may not be able to find a new home in all places and can have repeated experiences of estrangement, their interest in maintaining the psychological conditions for long-term planning may indeed ground, at least prima facie, a claim to relocate whenever they experience a durable sense of estrangement.

To conclusively defend the above argument one would, of course, need to say much more about the extent to which individuals can be held responsible for their sense of estrangement and whether there is such a thing as reasonable or unreasonable estrangement. But for the purpose of this article, it will be sufficient to notice that even if the argument above succeeds in supporting the case for a right to freedom of international physical movement, it would still fail to ground a similar case in favour of free international capital movement. After all, having one's property constrained within a limited range of investment options may be frustrating, but it is generally not a cause of estrangement in the same way as having our bodies constrained within a space we no longer recognize as home. Call this 'the problem of superfluity'.

This does not mean, however, that free capital mobility is never necessary to secure the capacity to plan long term (Cordelli and Levy 2022). Here, it is important to keep in mind that money is not only a means of exchange, it is a store of value. Without access to a secure store of value over time, income and wealth as such would be insufficient to protect individuals' ability to plan long term against unexpected changes in circumstances. States have a duty, grounded on justice, to provide citizens with a stable enough currency in which to store a minimal amount of property so that they can form stable expectations over time. Yet, if a state cannot stabilize the value of its currency and reasonably protect its citizens' savings, there are at least pro tanto reasons to confer basic status to a person's freedom to convert at least a part of his/her property into a different currency. Under these circumstances, freedom of capital movement becomes necessary for the exercise of personal self-determination. The problem of superfluity is thus overcome.

However, one reason why a state may lack the capacity to prevent its currency from suffering sudden, devastating devaluations is precisely the threat of global capital flight – that is, individuals or corporations rapidly moving wealth abroad to minimize losses (or to maximize profits). This fact should set limits on the extent to which we can regard freedom of capital movement as a basic liberty on grounds of an interest in securing a long-term horizon for self-determination. All this interest can justify is a context-sensitive and content-dependent liberty – the liberty to move money up to a limited threshold for a specific (non-speculative) purpose when credible threats of significant economic instability arise.

Finally, the freedom to move a limited amount of property across borders can be instrumentally necessary to support international human movement. Therefore, whenever there is a case for a specific basic liberty to free international human movement then, to the extent that free capital mobility is necessary to exercise human mobility, it should also be regarded as basic, on instrumental grounds. This basic liberty, however, would cover only a very narrow set of movements of capital. For example, it may protect individuals' interest in buying a home in a foreign country in order to spend prolonged amounts of time with family members who live abroad but it would not protect an interest in buying real estate abroad for speculative purposes.

In sum, due to the problems of substitutability, unfitness, and superfluity the extent to which free international capital movement can be granted, at least *pro tanto*, basic status is narrower than the extent to which the same status can be accorded to free international human movement. Symmetrical treatment of the two kinds of movement should thus be rejected, even at the presumptive level.

The Question of Limits

Even if, *arguendo*, there was an equal presumption in favour of free human and capital movement, the reasons states have for restricting the movement of capital are much stronger than the reasons they have for restricting the movement of people, or so I will argue in this section. I will focus on reasons of socioeconomic distributive justice and cultural integrity since these are the very reasons that those, like Barry, who argue for liberalizing capital while constraining human movement, appeal to.

Socioeconomic Justice: Freeing People

Even if a universal human right to free international movement is rejected, one may still argue that affluent states have strong reasons of (global) socioeconomic justice to liberalize human movement. However, such a view is subject to important challenges. Some (Miller 2005) object that (1) the demands of distributive justice do not apply to the global level while others (Ypi 2008) that (2) even if such demands do apply internationally, it is not clear that, empirically, opening borders would benefit the global worst off. Finally, others (Miller 2005) contend that (3) even if the demands of distributive justice do apply globally and even if opening borders would benefit the global worst off, there can be alternative, better means to achieve the same end, such as sending aid to poorer countries or reforming international institutions. Perhaps, on grounds of justice, it is better to restrict rather than liberalize human migration.

I believe that the power of such objections is limited. With regards to (1), even those (Miller 2005) who reject global egalitarianism would generally concede that 'persisting global injustice does impose on rich states the obligation to make a serious contribution to the relief of global poverty'. The question then becomes: would a policy of (largely and progressively) open borders be an effective means to relieve global poverty? Answering this question conclusively would require assessing counterfactuals that may simply be impossible to reliably assess – how many people would move were borders to become open? The available empirical evidence does, however, provide some reason for hope. A significant number of macro-level analyses (Acosta et al. 2008; Yoshino, Taghizadeh-Hesary, and Otsuka 2017; see also Oberman 2015 for a more extensive review), which focus on cross-country national-level poverty, show that international migration overall reduces global poverty. The main causal mechanism is provided by the level of remittances which, as we saw, are a basic-liberty-protected kind of capital movement. Even those who caution against macro-level analyses, noticing that the size of the effects of remittances on poverty reduction varies considerably country by country, would nevertheless agree that free movement significantly benefits the migrants themselves (see, for example, Stillman et al. 2015; Gibson et al. 2018) and, through remittances, their immediate families (Bertoli and Marchetta 2014; McKenzie, Theoharides, and Yang 2014).

But, of course, those who support (2) could respond that, insofar as immigration is something that only the relatively affluent can afford, it is, at most, only their relatively affluent families that would benefit from a policy of open borders. Further, the flight of human capital – so-called 'brain drain' – that results from skilled workers leaving their country of origin has notorious harmful consequences for developing economies (Marchiori, Shen and Docquier 2013).

These considerations are, however, insufficient to support (2). For one thing, while it is true that the desperately poor rarely migrate, the great majority of migrants from developing countries are still poor according to global standards. More importantly, the fact that the very poor are often neither a migrant nor a member of a migrant's household does not mean that they do not benefit from the aggregate effects of wealthier migration. Indeed, individual and household-level poverty reduction from migration has effects on national-level poverty. Emigration often leads to increased wages for non-emigrants in origin countries, particularly in the short term, which can in turn positively affect national poverty levels (Martínez and Yang 2006).

We should also ask: why don't the very poor migrate more often? The high financial costs of migrating, the lack of networks that can help navigate bureaucratic constraints, and policy choices that impose barriers on would-be migrants are the main factors that impede migration by the very poor (Murrugarra, Larrison, and Sasin 2011). Since all these factors are under human control, the fact that the very poor are less likely to migrate (together with the fact that global poverty would be significantly reduced by their migration) is an argument to open borders while also reducing the costs of migration.

But what about brain drain? Brain drain can have harmful consequences for developing economies but, sometimes, for the reasons explained above, even the migration of highly skilled migrants can have positive aggregate effects on poverty reduction. And even in the case in which brain drain is a real concern, as Oberman (2015) argues, 'there is every indication that a fairly open immigration policy, coupled with selective use of immigration restrictions in cases in which brain drain is a real problem, offers effective means to reduce poverty'.

It seems, then, that the real disagreement should be on whether lifting immigration restrictions is the best or most appropriate means to fulfil the (at least sufficientarian) demands of international justice. Here the counter-argument, as raised in (3), is that there are other, better means, most obviously foreign aid, to address the same problem. However, as things stand, migration programmes are often more effective than foreign aid in improving economic conditions (see, for example, Gibson and McKenzie 2014). Further, although foreign aid has the important advantage of not creating a situation in which someone must leave their country of origin to live a decent life (Oberman 2015), it has nevertheless the notorious disadvantage of creating conditions of dependence and domination between countries, as well as a perpetuation of institutional decay, often reproducing the very problems that the aid is meant to cure. Even if we assume that better, alternative means could be developed, it might take a long while. In the meantime, lifting (a large part of) immigration restrictions would seem to remain the most effective and, all things considered, morally superior means to reduce global poverty.

More importantly, it is unclear why we should regard international assistance and the lifting of immigration restrictions as mutually exclusive. One can agree that states should not use the fact that they have lifted most of their immigration restrictions as an excuse to fail to address global poverty in other ways, and still agree that economic justice demands that restrictions on human movement should be progressively lifted. The justice-based case for liberalizing human migration is thus very strong. But, what about capital movement?

Socioeconomic Justice: Restricting Capital

Do states have the same reasons of international economic justice to lift restrictions on the movement of capital as they do for the movement of people? Many economists are (perhaps

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surprisingly) in agreement with Barry and think that unrestricted capital mobility is necessary to improve the position of the global worst off in absolute terms.[6] How so? First, it is often assumed that the savings of rich countries can, uniquely, supply scarce investment funds in poor countries and that state restrictions that block access to foreign investment inhibit their growth and development. Second, it is assumed that free capital mobility is necessary to support free trade, which is an essential means of economic growth and development for many developing countries. If such assumptions are correct, like in the case of human migration, also in the case of capital movement a reduction in global poverty would seem to provide strong reasons for lifting restrictions. But how convincing are these assumptions?[7]

The first problem concerns the relationship between savings and investment. Although it is true that the savings of the rich may, in principle, channel into productive investments that benefit the poor, to theoretically assume that this is a necessary relationship is problematic. First, savings that exist in the form of cash do not have to be productively invested, they can be hoarded as idle funds. Second, they can be invested speculatively in liquid securities in pursuit of momentary returns that do not necessarily benefit production and growth. For welfare-enhancing development, long-term productive investment is necessary. The main issue then is how developing economies can increase their rate of productive investment.

The answer is a well-functioning banking and credit system. Yet, the source of credit for productive investment need not be past savings. Indeed, global credit creation – and thus global investment – runs through channels that exist independently from savings (Borio 2016). When banks grant loans, generating funds that often cross borders, they do not always directly draw from depositors' savings somewhere in the world. Rather, they simply create new deposits funded through chains of debt instruments. In theory, then, access to foreign savings offers nothing that a well-functioning national, regional, or even global system of credit creation cannot. It follows that free capital mobility may not, after all, be necessary to generate increases in investable funds for developing countries.

While poor countries with inadequate domestic financial systems may immediately benefit from tapping foreign savings in some circumstances, this comes with a long-term cost. Dependence on foreign inflows may only contribute to the persistence of an inadequate domestic financial system (IMF 2020). Regardless – as we shall see – due to capital flight, the costs of unrestricted global capital mobility can be high, outweighing the benefits.

What about the second claim that free trade and, more broadly, economic integration benefit the worst off and that capital mobility is necessary to achieve such benefits? Although there is no empirical obvious correlation between economic growth and unrestricted global capital mobility (Obstfeld, Shambaugh, and Taylor 2010), it is true that, since 1980, global poverty has reduced. This suggests a plausible case that the global worst off may have benefitted from recent global economic integration.

But what kind of integration? One reason for the reduction of global poverty is rapid economic development and poverty reduction in China and India (Alvaredo et al. 2018). Chinese development has depended upon foreign demand for goods and a multilateral system of global trade. Yet, the Chinese state has maintained many restrictions on capital inflows and has only recently moderately liberalized its capital account (Lin 2015). This means that, even if the liberalization of international trade may have contributed to poverty reduction, unrestricted capital mobility is arguably not necessary to bring about benefits for the worst off in international trade.

But there is more. Unrestricted capital mobility comes with great costs for the worst off. For one thing, there is a notorious causal connection between unrestricted capital mobility and financial volatility. One leading study estimates that one-fifth of capital inflow surges to 'emerging market economies', which results in destabilizing capital flight, immediately followed by financial crises (Ghosh, Jonathan, and Mahvash 2016). Such economies are three times more likely to

[6]For a paradigmatic statement of a position that is still widespread in economics, see Fischer 1997.
[7]The critique that I develop in the next few paragraphs closely follows Cordelli and Levy 2022.

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suffer financial crises after large capital inflow surges. The typical emerging market economy experiencing high capital volatility grows 0.7 percentage points slower than it otherwise would. Call these the costs of financial destabilization. Importantly, there is no obvious way through which global investors, when initiating these disruptions, could compensate those who suffer the consequences of capital flight.

Furthermore, the policy tools that states must employ to cope with capital flight undermine economic development. To either prevent capital flight or to recruit fickle hot money once the capital flight has begun, states often raise the interest rate they pay to depositors willing to hold their currencies. Interest rate hikes only choke off the supply of domestic credit, hampering investment, growth, and employment (Rodrik and Subramanian 2009). Call this the cost of 'forgone economic development'.

Finally, to face off the threat of capital flight, developing economies tend to hoard enormous reserves of foreign exchange – currencies or assets denominated in foreign currencies like, say, US public debt (Dominguez, Hashimoto, and Takatoshi 2012). However, the hoarding of foreign exchange reserves entails significant costs (Herzog 2019). As unspent idle funds, hoarded reserves are not spent on critical needs. Given that they are deflationary, they depress global interest rates and undermine global aggregate demand for the world's goods (further imposing costs on the global worst off, whose potential employment incomes often depend upon that demand). Call this the 'opportunity costs of hoarding reserves'.

In sum, not only are the benefits of unrestricted global capital mobility for the global worst off doubtful, but a regime of unrestricted mobility also imposes severe costs (beyond the risks of costs imposition, which is itself a cost) on developing economies – costs which, given their character, cannot be fully compensated ex post and which further undermine the socioeconomic position of the global worst off. Such a system thus may well fail to improve and is likely to worsen the situation of the global worst off.

The result is that in the case of capital movement, unlike the case of human movement, international economic justice imposes on both developing and affluent countries a *pro tanto* duty to limit rather than to liberalize both outflows and inflows of a large part of (mostly speculative) capital to the extent that these limits are necessary to protect developing economies, where the global worst off are likely to reside, from the costs of financial destabilization, forgone economic development, and the opportunity costs of hoarding reserves. Consider the case of developing countries facing a threat of capital flight. Insofar as these countries often lack the institutional capacities to impose effective restrictions on investors' ability to leave, their attempt to restrict outflows must be coupled with limits on investors' ability to enter safer countries. Affluent countries thus have a *pro tanto* duty to limit capital inflows to prevent the flight of capital from developing countries. Therefore, while affluent countries have a *pro tanto* duty to take in more immigrants than they usually do, on grounds of justice, they have a parallel duty to keep out more capital than they usually do, on the very same grounds. To the extent that the obligation to reduce global poverty enjoys at least some lexical priority over domestic distributive justice, wealthy countries ought to adopt such limits, at least up to a threshold, even if these restrictions would make their domestic group of citizens worse off (within limits) than they would be in a state of affairs without those limits.

However, this argument does not apply to all kinds of capital movements equally. Remittances and productive, long-term investments do not pose the same threats of capital flight and financial volatility as short-term movements of so-called 'hot money', which constitute a very large part of capital mobility in the world today. Therefore, socioeconomic international justice provides a strong reason to restrict the latter kind of movement only. Whereas remittances are basic liberty-protected movements and should not be restricted, long-term productive investments are not protected by any basic liberty; however, states arguably have no reason of justice to restrict them and, indeed, may have good reasons to facilitate at least a part of them.

So far, I have argued that international economic justice provides states with strong reasons to lift restrictions on a large part of human movement while, at the same time, also providing them with equally strong reasons to impose restrictions on the movement of capital. It could be objected, however, that I have failed to take seriously the costs of brain drain – the flight of human capital. If the prevention of brain drain justifies imposing restrictions on human movement in the same way in which the prevention of capital flight justifies – as I have argued – imposing restrictions on capital movement, it may not be true that, all things considered, people should be much freer to move than capital, at least not on grounds of economic justice. I now turn to address this objection.

Objection: Brain Drain vs Capital Flight

How does the justice-based case for limiting human movement in the event of brain drain compare to the justice-based case for limiting capital movement in the event of capital flight?

In the case of brain drain, restrictions on movement are often justified (see, for example, Oberman 2013), by appealing to the following considerations: (1) brain drain harms those left behind by generating a lack of essential labour that cannot be adjusted for without imposing severe restrictions on the ability of skilled workers to move to another country and (2) in some cases, skilled workers are duty-bound to stay in their country of origin, such that restricting their movement does not amount to coercing them not to do what they have a right to do.

Similar to brain drain, as we have seen, capital flight also harms those who are left behind. We should thus ask whether similar considerations may justify, at least prima facie, restrictions on the ability of investors to relocate their capital in the case of a credible threat of capital flight. My view is that the case for restricting an investor's ability to exit is, all in all, much stronger than the case for restricting a skilled worker's ability to leave. Here is why.

First, although brain drain and capital flight can both have profound harmful effects, the negative effects of brain drain are arguably more predictable than those of capital flight. This is because capital moves more quickly, unpredictably, and in higher quantity than people. This is an obvious consequence of the fact that emigrating entails higher physical and psychological costs than the movement of capital. The result is that states have generally more time to develop policy solutions to either prevent or adjust for the losses of human capital than they have for the sudden loss of financial capital (except for reserves hoarding, which is itself harmful). In the case of an imminent threat of capital flight, restricting investors' ability to exit may be the only solution.

Second, restrictions on a person's right to physically relocate must pass a higher burden of proof than similar restrictions on an investor's right to pull out capital. As we discussed earlier, being forced to reside in a country where one does not want to be is a more profound attack on our capacity for self-determination than being prevented from reinvesting one's assets somewhere else while still maintaining rightful possession over those assets (preventing outflows is not the same as expropriation). But even if we assume, *arguendo*, that an investor's right to exit is as basic as a skilled migrant's right to exit this does not mean that investors and skilled workers have an equal duty to stay or that they can be equally expected to do so, even temporarily.

In the case of brain drain, a worker's requirement to stay, at least for a time, in his or her country of origin is sometimes said (Oberman 2013) to be grounded on (1) a civic duty to repay the state for its public investment in the worker's education, or on (2) a duty of assistance towards those who would be harmed by the worker's unconditioned departure. So, we should ask: can any of these rationales ground a duty to stay, at least for a time, in the case of investors? In the case of capital flight, it is generally foreign investors who pull out money from a foreign country. This implies that investors' duties to stay for a decent period cannot arguably be grounded on civic duties.[8] But what about assistance?

[8]Ibid. Foreign investors may sometimes have duties of reciprocity to stay if they voluntarily benefitted from investing in a foreign country and if, by investing, they generated a reasonable expectation on the part of the recipient country that they would stay in in the case of a threat of capital flight.

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Following Oberman (2013), we may argue that there is a general duty for skilled workers to stay in the case of brain drain because (i) many skilled workers from poor countries are likely to be better able to assist their poor compatriots than foreign skilled workers and (ii) it is likely to be less costly for a native skilled worker to stay in his/her home country than it is for a foreign skilled worker to move there. Skilled workers have a general duty to stay provided that (iii) they cannot provide assistance from abroad and (iv) they won't face unreasonably high costs in staying (2013, 437).

Whether skilled workers meet these conditions, especially the last two, is subject to contention. However, there are good reasons to think that investors can meet the above conditions even if skilled workers do not. With regards to (i) and (ii), foreign investors are also likely to be better able to assist the worst off by leaving their assets where they already are than other people (substitute investors) are by having to compensate for the losses incurred by pulling their assets out. There are no reasons to think that the costs of staying for the former are higher than the costs of compensation for substitute investors. Concerning (iii), while skilled workers can arguably provide compensation for the harm caused from abroad through remittances, as well as by later returning to their country of origin with a higher level of education and improved skills, no ex post investments can arguably be enough to compensate for the harms, including of financial destabilization, caused by the sudden flight of capital once that flight has already happened. Most importantly, concerning (iv), whereas the costs in terms of loss of autonomy and estrangement involved in being forced to physically stay in a country one wishes to leave are very high and it may be impossible to compensate them, the revenue losses of investors, even when judged as unreasonably high, can in principle be compensated ex post through reserves or other means, when and if appropriate.

Therefore, even if assistance may arguably not be able to ground a duty to stay, at least for a time, in the case of brain drain, it does justify an investor's duty not to engage in capital flight. This means that while states may well be regarded as violating people's rights when they place obstacles on free human movement to prevent brain drain, these same states do not violate investors' rights by restricting their ability to leave, for investors cannot have an unconstrained right to do what they have a duty not to do.[9] Indeed, states should make inflows of capital conditional on investors' willingness to stay for a period, particularly when states must limit outflows in response to a credible threat of capital flight.

All in all, international economic justice, even when understood in merely sufficientarian terms, provides strong reasons to largely liberalize the movement of people while also providing equally strong reasons to largely constrain the movement of capital. Further, the case for restricting capital movement in the case of capital flight is much stronger than the parallel case for constraining human movement in the case of brain drain. But what about culture?

Cultural Integrity: Freeing People, Restricting Capital

Even if one accepts that international economic justice provides affluent states with strong reasons for lifting immigration restrictions, states may still have other reasons for keeping those restrictions in place. One often cited reason is culture. It is sometimes argued that large inflows of immigrants lead to irreversible changes in the culture of the hosting country. Yet countries – the argument continues – have a fundamental interest in preserving their own culture, whether this is because there is something inherently valuable about cultural continuity or because such continuity is instrumentally necessary for the appropriate functioning and reproduction of institutions such as the welfare state (Miller 2005).

[9]It could be said that skilled workers may still be required to stay on grounds of their civic duties. However, the argument from civic duties has limited force in all those cases where (1) a skilled worker has not voluntarily benefitted from publicly-funded education and (2) the state fails to provide adequate employment opportunities to the worker.

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According to some, however, the value of cultural continuity does not provide equally strong reasons to restrict capital movement. This is because, as Barry (1992) puts it, 'foreign capital has far less effect on the everyday life of a country [than inflows of foreign people]' at least insofar as it is prevented from contributing to the funds of political parties.

Many compelling arguments have been made against the cultural case for restrictions on human movement (for example, Pevinick 2009). Here, however, I do not want to dispute the validity of such a case. Instead, I will argue that, according to the cultural argument itself, at least in its most plausible version, we have stronger reasons to restrict the movement of capital than we have to restrict the movement of people.

For one thing, the advancement of global capitalism in recent years makes Barry's empirical claim about the moderate cultural effect of foreign capital inflows suspect at best and implausible at worst. It is enough to take a look at the ways inflows of foreign capital have changed the urban structure and architecture of many cities around the world: they have driven ever faster processes of gentrification, forcing people to leave the neighbourhoods where they grew up, and they have led to cheaper and easier access to technological goods that have changed people's everyday habits (see, for example, Sassen 2001). Beyond the aesthetics of cities and those who can afford to live in them, financial globalization has changed the music we listen to, the food we eat, the clothes we wear, and so on.

But there is more. Since cultural change is unavoidable, a minimally sound cultural argument for immigration restrictions must be able to differentiate between different kinds of cultural change. Why is it the case that cultural change brought about by immigration inflows is more problematic than cultural change that unavoidably derives from the adoption of new socio-economic policies; from new ideas sparked by the random encounter between fellow citizens who had never met before; by the evolution of research and the publication of new books; a country's higher or lower birth rate in different historical periods; the discovery of new resources; and so on? The answer that is often given appeals to a distinction between what we may call exogenous vs endogenous processes of cultural change (see, Miller 2005). Exogenous processes are externally imposed; they do not result from an exercise of self-determination on the part of those who are subject to those processes and cannot, therefore, be regarded as the result of their willingness or doing. Endogenous processes are, by contrast, initiated and guided or at least endorsed by those who are subject to them. It is often implied that cultural changes brought about by immigration flows are exogenous, unlike those changes that naturally flow from the free exercise of people's freedoms of, say, expression or association within a country that has chosen to protect those freedoms, or from policies adopted through exercises of political self-determination.

One can reasonably doubt whether, in practice, the distinction between endogenous and exogenous cultural change makes sense, to begin with. The point I want to make, however, is different. If the cultural change brought about by inflows of migrants is distinctively problematic because of it being exogenous, then inflows of capital are even more problematic. First, while people can engage with immigrants through deliberative interactions, they cannot engage in the same way with global capital. People who physically reside in the same territory can, in principle, openly confront each other's cultural differences. They can try, to some extent, to learn about each other's way of living and decide for themselves what aspects of different cultures they find attractive and what aspects they find unappealing or worth resisting. With time, they may eventually come to appreciate or simply find normal what they or their parents previously found curious or disturbing. This is, of course, not to say that culture is a precisely identifiable good that, like broccoli or potatoes, one may choose to consume or not at will. It is just to say that the process through which a culture might change as a result of the progressive inflows of new people happens partly through real interactions between those new people and the people who already reside within the country in question. This slow process leaves ample space for human judgement and need not bypass the agency of those subject to it. It need not be experienced as exogenous. And if the worry is that immigrants may outnumber pre-existing citizens when the time to vote comes, then a solution – if one buys the cultural argument – would be to make the path to full citizenship conditional on some degree of cultural assimilation.

With inflows of capital, especially if large, things are different. The cultural change brought about by large investments of foreign capital is often both sudden – again, capital moves much faster than people – and quite faceless. Those who drive the process – the capitalists – are not a local community with a specific identity and with whom direct interaction is possible. Indeed, most foreign investors do not even reside in the countries where their money goes. Consider how a city like London has changed in the last twenty years. Residential skyscrapers have been built and council houses have been transformed into luxury condos but very often those who bought apartments in those buildings do not live there; indeed they do not even reside in the UK. In the eyes of those who witness it, the aesthetic transformation that accompanies these changes has occurred a bit like magic. It is not clear who, if anyone, drove it, except for a general agent known as global capital – not the kind of agent one can deliberate or have affective interactions with. No requests for cultural assimilation are possible; indeed, local inhabitants often feel they are the ones being culturally assimilated by an anonymous process of globalization. It could be objected that people can direct the process of cultural change brought about by foreign investments through politics. After all, it is the state that can shape the direction of foreign investments. But states, including affluent ones, are often unable to domesticate foreign capital, especially when this is allowed to move in and out that fast. Capital mobility, as we saw, tends to undermine the state's capacity for political self-determination. This is not only because capital as a form of economic power can influence politics, even when no formal right to fund political parties is granted, but also because global capital imposes pressures on states that the latter cannot often resist without incurring great costs, as the previous section of this paper has discussed. These considerations, I believe, are enough to support the case that cultural integrity itself provides reasons to impose stronger restrictions on the movement of capital than on the movement of people.

Objection: The Prerogatives of States

It could be objected that I have failed to consider the prerogative of states to control their borders, whether these be territorial or currency borders, through immigration or capital mobility policies respectively. One could agree that states have reasons to behave in certain ways and still think that they ultimately have the right to control their borders as they wish. So, perhaps, capital should be freer to move than people simply because states have the prerogative to decide that this should be the case.

If by prerogative it is meant a state's legitimate authority to establish, without external interference, its immigration or capital mobility policy, then I do not deny, although I do not intend to affirm either, that states have any such prerogative (see Cordelli and Levy 2022).[10] Rather, my account provides substantive principles to assess when the exercise of the authority in question counts as unjust or arbitrary, the result being that there are strong reasons to think that it is both unjust and arbitrary for states to impose strict restrictions on human movement while refusing to restrict capital movement.

If, by contrast, by prerogative it is meant a state's moral right, grounded on self-determination, to have a free hand in adopting whatever immigration or capital mobility policies it sees fit, then I reject the argument that states have any such unconstrained moral right. For one thing, the rights of states are generally limited by the fundamental claims of both citizens and foreigners. Even those who agree that states have a fundamental right to control their territorial borders would tend to also agree that this right is limited by the claims of refugees (see, for example, Miller 2016a; Miller 2016b, although see also Wellman 2008). Similarly, the state's right to control

[10]The enforcement of legally binding constraints on state economic policies would require a global institution with the legitimate authority to impose those constraints on all states. Currently, no such institution exists.

the borders of their national currency is constrained by the basic liberties of individuals to move their property in and out of those borders for the protected purposes previously illustrated. Further, to the extent that basic principles of international justice are necessary to secure the background conditions for a system of politically self-determining, non-dominated, and legitimate states, such principles should be regarded as constraining the self-determination of those very states. The coordinated imposition of heavy restrictions on global capital mobility should be regarded as a necessary component of such background conditions, as it is necessary to avoid the costs of financial and thus political destabilization. Therefore, the obligation on the part of both developing and affluent countries to uphold such restrictions should be taken as constraining their political self-determination.

Conclusion

Much of the world today treats human and capital movement asymmetrically: while capital mobility is a loose governing norm of the global economic order, human migration remains widely constrained. Some philosophers, most prominently Brian Barry, have provided moral support for such asymmetry on grounds of Pareto optimality, justice, and cultural integrity. In this paper I have argued for a reversed kind of asymmetry on the very same grounds: not only is the presumption in favour of free human movement generally stronger than the same presumption in favour of free capital movement, but considerations of both socioeconomic justice and cultural integrity provide stronger reasons to constrain capital movement than they do to limit human movement. At the same time, I recognize that in some restricted set of circumstances, free capital mobility is necessary to secure the benefits of free human mobility, as they exist for those left behind.

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