A Response by Andreas Follesdal to Chris Armstrong: "Sovereign Wealth Funds and Global Justice" *Carnegie Journal on Ethics and international Affairs 27.4, Winter 2013*

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I welcome Armstrong's attempt to bring standards of global justice to bear on the Norwegian Sovereign Wealth Fund (SWF), when he asks if Norway's claim to sovereign control over its oil resources is such that this claim might override calls for global redistribution. The revenues from the fund amounted to a net gain to the Norwegian government of 344 billion NOK (approximately $56.7 billion) in 2013.

I happen to disagree with Armstrong concerning the substantive distributive norms of global justice. He believes that minimizing global equalities is a defensible standard of global justice. Others (such as Brian Barry , Thomas Scanlon, and Charles Beitz), however, have defended a more modest global difference principle. And yet still others, including John Rawls, Thomas Nagel, Samuel Freeman, and Michael Blake, have defended principles that allow larger global economic inequalities, even if they agree on the need for some international obligations, including social and economic human rights. The following observations do not hinge on such disagreements. They stem from the vantage point of domestic debates about the Norwegian SWF, which, rarely for a SWF, focus not only on questions of internal distribution but also on issues of global justice. Indeed, global justice has been addressed both in public debates in Norway—yielding a commitment to development-oriented investments by the present government (see here, especially p. 25)—and in scholarly contributions, including by myself and several other members of the Council on Ethics of the Norwegian Pension Fund.

Armstrong argues convincingly that Norway should share some of the money stemming from the sale of oil that currently accumulates in its SWF by paying a global tax on that income. This conclusion is, on the one hand, not exhaustive of the requirements of global justice and, on the other, somewhat hasty.

The requirements of global justice would also seem to include such norms as to avoid complicity with evil; help prevent the wrongdoing of others; contribute to the generation of wealth in poor countries: contribute to a just distribution of such wealth; and possibly distribute other benefits more fairly as well. I submit that the ethical constraints on investment together with the active ownership strategies of the Norwegian SWF contribute to secure compliance with several such norms. The Norwegian Parliament has unilaterally taken on such obligations, arguably contributing modestly to make the "global basic structure" somewhat more just, even in the absence of functioning legitimate institutions of global governance. It should be noted that the economic performance of the fund, contra Armstrong's claims (p. 3), has not suffered identifiable losses due to its divestment from corporations that would otherwise make the fund complicit in severe human rights violations, gross environmental damage, production of particularly problematic weapons, and so on. Such a decisive loss is certainly a hypothetical possibility.To my knowledge, however, the Norges Bank Investment Management has not reported any systematic negative effects on performance, though there are transaction costs inflicted by the divestment and reinvestment, as with any such transactions.

As to Armstrong's suggestion that a global tax is required by global distributive justice, note first that there are currently no credible institutions that can gather and distribute such a tax with sufficient efficiency. Second, I suggest that we may (or must) consider other institutions of the "global basic structure" than a global tax authority to engender a more just global distribution of wealth. Norway currently contributes in at least three ways, albeit insufficiently. First, the foreign investments of the SWF are arguably to the benefit not only of Norway and the corporation but also to the workers and the host community where capital is being invested – some of which is in poor states. Second, as active shareholders, the fund managers promote OECD guidelines and other components of global justice. Third, the Norwegian government maintains a commitment to spend 1 percent of GNP on development cooperation. In 2013 this was equal to 30 billion NOK ($4.86 billion). If this development assistance is regarded as a global tax on the net income from oil, it amounts to close to 9 percent. I do not claim that these contributions fully meet the obligations of global justice, but they should be included in these discussions—discussions that Armstrong laudably advances.

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