

Are Charter Cities Legitimate?*

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POVERTY and underdevelopment are among the most pressing problems of our time. It has been persuasively argued that transfers of wealth and knowledge alone cannot solve these problems—it is also necessary to put in place political and legal institutions that will stimulate growth and development.¹ But how to establish such institutions in the least developed parts of the world where regimes are often “extractive” and have no desire to see change?²

Revolution is difficult, and often accompanied by instability and violence, as recent events in the Middle East show. Nor can those living under oppressive regimes easily move to more desirable locations, as the travails of illegal migrants journeying to America and Europe remind us daily. It is entirely reasonable to demand that the developed world permit greater inward migration, especially in the form of guest worker programs.³ Yet the numbers involved are staggering—a recent survey suggests that 640 million adults worldwide would like to migrate, principally to North America and Western Europe.⁴ This raises serious concerns about the cultural and financial implications, and hence about the political viability, of proposals that would permit sizable inflows.

These constraints explain the appeal of Paul Romer’s much-discussed proposal to create charter cities—that is, “model” cities featuring economic and social institutions conducive to growth and development that are open to all willing to

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¹For instance, see Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* (New York: Oxford University Press, 2008).

²Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Random House, 2012), ch. 13.

³Lant Pritchett, *Let Their People Come: Breaking the Gridlock on International Labor Mobility* (Washington: Brookings, 2006).

⁴Jon Clifton, “150 million adults worldwide would migrate to the U.S.,” *Gallup*, April 20, 2012; available at <<http://tinyurl.com/6rtwczu>>.

migrate there.⁵ This proposal has been lauded as “the world’s quickest shortcut to economic development.”⁶ More recently, it has been cited as an answer to the migrant crisis confronting Europe.⁷ Romer’s proposal has not been universally welcomed though. It has also been sharply criticized as being contrary to liberal democratic norms and as verging on neo-colonialism. How valid are these criticisms? I argue below that these criticisms can be rebutted, and that the real challenges confronting charter cities are practical rather than moral in nature.

The article proceeds as follows. I start by clarifying the charter city concept, which needs to be distinguished from administrative arrangements such as Special Economic Zones (SEZs) and external interventions in the form of trusteeships. I then move on to examine moral objections. These objections are two-fold. First, there is the concern that charter cities will be illegitimate because, especially in their early life, they are likely to be organized along technocratic rather than liberal democratic lines. Second, there is the concern that the involvement of foreigners as guarantors—countries whose involvement in governance is intended to ensure residents and investors that local elites will not be able to subvert the charter city’s rules—violates sovereignty and amounts to neo-colonialism.

I respond to the former criticism by arguing that a charter city is legitimate when: (1) it allows people to escape troubled conditions, especially endemic poverty and violence; and (2) it is accompanied by a host of substantive and procedural safeguards including the protection of basic rights, the impartial administration of the law, the employment of public justification, and potentially a referendum. I respond to the latter criticism by arguing that allegations of neo-colonialism are blunted when foreign involvement is required: (1) to be based on consent; (2) to have a positive impact on relevant governance indicators; and (3) to be accompanied by a host of institutional safeguards, including external audits and periodic referendums on the reappointment of foreign guarantors.

I conclude, however, on a cautious note. Although the moral challenges confronting charter cities are resolvable, the practical challenges involved are less tractable. They include elites in the host country who will often not want competition from the charter city, the “sticky” nature of local customs and norms that often make it hard to introduce and maintain new rules, and above all else, jealous neighbors. The most plausible answer to these challenges, I contend, would be to have the international community take the lead in establishing and protecting charter cities. But such a step would paradoxically blur the line between a charter city and a trusteeship. It would raise precisely the concerns about paternalism and self-determination that proponents of charter cities hope to extinguish by emphasizing the voluntary nature of the undertaking.

⁵For an overview see Paul Romer, “Charter cities,” *Urbanization Project*; available at <<http://tinyurl.com/ophzzvy>>.

⁶Andrew Swift, “The FP top 100 global thinkers,” *Foreign Policy*, November 29, 2010.

⁷Alexander Betts, “Is creating a new nation for the world’s refugees a good idea?” *The Guardian*, August 4, 2015.

I. THE CONCEPT

The charter city concept obviously has a material aspect. A charter city must be large enough to accommodate “millions of residents” because this is the scale at which “the services and amenities of modern urban life become feasible.”⁸ “A good target size,” according to Romer, “is 1,000 square kilometers, roughly the size of Hong Kong and Singapore.”⁹ An additional requirement—a “necessity” in fact—is “access to the sea” because “as long as a charter city can ship goods back and forth on container ships, it can thrive even if its neighbors turn hostile or unstable.”¹⁰

From a moral and legal perspective, central to this concept is the notion of being *chartered*. This term can be understood in two senses. In the first sense a city is chartered when its establishment is an act of law rather than force. It is founded, that is, by a grant from the relevant legal authority, in this case the sovereign entity that controls the territory in question. This definition distinguishes a charter city from a colonial possession acquired through coercion or fraud. It also distinguishes a charter city from an international trusteeship, created by, and deriving its authority from the writ of the international community, which authorizes the intervention with a view to protecting vulnerable populations and remedying state failure. As such, we can say that a charter city embodies the concept of sovereignty whereas a trusteeship embodies a derogation of the same.

A charter city is also chartered in the sense of having a charter that “pre-specifies the broad rules that would apply there.”¹¹ Romer keeps these rules minimal on the grounds that one size cannot fit all. Because “a city’s governance structure could vary significantly depending on where it is established,” he writes, we must “leave broad scope for experiments and let competition and choice determine which experiments persist.” The principles he requires every charter to protect are legal equality and individual choice. A charter must contain “a commitment to the equal treatment of all residents under the law”—in other words, it must protect the rule of law. Further, it must guarantee “choice, backed by both voluntary entry and free exit for all residents, employers, and investors.”¹² Romer also emphasizes that charter cities must ensure probity—for instance, by creating an oversight body armed with the right to audit and dismiss corrupt officials.¹³ These details aside, Romer permits great flexibility. He does not, for example, explicitly require charter cities to be liberal democratic, though some discussions reference eventual “transitions” to democracy.¹⁴

⁸Brandon Fuller and Paul Romer, *Success and the City: How Charter Cities Could Transform the Developing World*, Macdonald-Laurier Institute, April, 2012, p. 4, available at <<http://tinyurl.com/m7ynq7g>>.

⁹*Ibid.*, p. 7.

¹⁰Paul Romer, “For richer, for poorer,” *Prospect*, February, 2010, pp. 5–6.

¹¹Fuller and Romer, *Success and the City*, p. 7.

¹²*Ibid.*

¹³*Ibid.*, p. 10.

¹⁴*Ibid.*

Why believe that the principles outlined above will be upheld? It is one thing to make a promise—for instance, that there will be no expropriation—and quite another to enforce such a promise, especially in underdeveloped parts of the world, where the willingness and ability to enforce such norms and rules may be weak or even non-existent. Freedom of movement could conceivably serve a disciplining function in this context, with violations of the rule of law being punished by a debilitating exodus. But what guarantee is there that even this fundamental right will be upheld—what is to stop, for instance, unlawful detention in labor camps?

Romer addresses this problem of political risk—or the questionable credibility of a charter city’s political and legal commitments—with the striking proposal that foreign nations serve as guarantors for the city’s charter. The idea is that a city could, for instance, contract out the training and auditing of its police force to Sweden or make respected external jurisdictions such as the United Kingdom the final authority on judicial matters.¹⁵ A move in this direction would, he argues, give the city’s institutions “instant credibility of enforcement.”¹⁶

Romer summarizes the elements identified above—land for the charter city, migrants to populate it, and foreigners to support it—into three roles, namely, host, source, and guarantor. Curiously, he claims that if a country has sufficient reserves of land, people, and credibility, it could take on all three roles at once. The example he gives is Shenzhen, a prominent Chinese Special Economic Zone (SEZ). This claim is puzzling because a SEZ is an administrative unit within a sovereign territorial unit. It cannot make credible commitments of its own since the national authority can revoke its powers. In order to make credible commitments a charter city needs *autonomy*—otherwise its credibility is indistinguishable from that of the national authority, making the concept redundant.

To avoid such confusion I shall use the term charter city in a specific way. As I understand it, a charter city involves an *irrevocable* grant of authority—that is, the authority vested in it cannot be lawfully taken away without its consent. A charter city is, in other words, a *free* or *self-governing* entity, at least within the bounds of the authority transferred to it. It is not, however, entirely sovereign in the way that a contemporary city-state like Singapore is, because unlike Singapore it relies on foreign guarantors (with corresponding limitations on its internal sovereignty), and may also rely on protectorate arrangements (with corresponding limitations on external sovereignty).

So understood there are no contemporary examples of a charter city. This is not surprising since, historically, sovereigns have ceded territory only under the threat of violence, and the territory so ceded has rarely, if ever, been permitted to

¹⁵Romer, “For richer, for poorer,” p. 4; Fuller and Romer, *Success and the City*, p. 15.

¹⁶Fuller and Romer, *Success and the City*, p. 7.

	Who Creates?	Who Controls?	To What End?	Example
SEZ	Sovereign State	National Authority	Economic Growth	Shenzhen
Charter City	Sovereign State	Self-Governing	Human Development	N/A
Trusteeship	International Community	Internationally Administered	Transitional Assistance	Kosovo East Timor
	Foreign State	Foreign State	Self-Interest	Diego Garcia

Figure 1. *Conceptual Distinctions*

govern itself. The closest historical analogies to the charter city as conceived here are the Shanghai International Settlement, the Tangier International Zone, and British Hong Kong.¹⁷ I will not examine these cases here though because, founded on the basis of coercion and lacking substantial autonomy, they do not constitute suitable reference points. The relevant conceptual distinctions are summarized in figure 1.

II. MORAL OBJECTIONS

Having clarified what a charter city is, we are now ready to consider the moral objections lodged against it. The first concerns the thinness of the guarantees a charter is required to enshrine. Critics point out that Romer does not require a charter city to protect labor rights or ensure welfare, policies they see as central to a just society. These omissions are particularly troubling, they argue, because Romer also does not require a charter city to feature multi-party, electoral democracy. This leads to the concern that charter city residents may have no reliable way of expressing and defending their interests. For this reason critics claim that the charter city concept is actually intended to secure the subordination of labor to capital, and to ensure the dominance of market values such as efficiency and productivity over social values such as fairness and cooperation. Hence they describe charter cities as a “neoliberal

¹⁷On these cases, see J. H. Haan, “Origin and development of the political system in the Shanghai International Settlement,” *Journal of the Royal Asiatic Society Hong Kong Branch*, 22 (1982), 31–64; Graham H. Stuart, “The future of Tangier,” *Foreign Affairs*, July 1945; John M. Carroll, *A Concise History of Hong Kong* (Lanham: Rowman & Littlefield Publishers, 2007).

boondoggle,” as “corporate welfare,” and as embodying the “Washington Consensus.”¹⁸

Romer’s response has been to emphasize the centrality of individual choice. A charter city protects individual choice by guaranteeing the freedom of movement, effectively allowing individuals to vote with their feet. Romer has also underscored that a charter city is not precluded from being, or at least becoming, a liberal or social democracy.¹⁹ A technocracy is only one possibility of many.

These responses are not entirely satisfactory though. The emphasis on the freedom of movement is problematic in two respects. An immediate problem is that desirable, cost-effective sites for charter cities—those that feature hospitable climates and workable harbors—will often already be populated. In such instances appeals to the freedom of movement become problematic because pre-existing residents, especially those in remote or impoverished areas, may be tied to the land or the coast in various ways and unwilling or unable to migrate away.²⁰ Alternately, vacant land may be ecologically sensitive—in other words, vacant for a reason.²¹

These objections are powerful but not unanswerable. Obviously we would want to devise protective and compensatory mechanisms that will allow land to be cleared without abuse. But even if one took the position that such mechanisms are not likely to be upheld in the developing world, it remains reasonable to hope that vacant land can be obtained. Purchasing privately owned islands is one option.²² Land reclamation is a well-established alternative. China, Japan, Hong Kong, and Singapore, among others, have reclaimed land extensively in order to pursue sizable urban development projects.²³ Repurposing existing sites is yet another option. A striking example is Romer’s proposal that the United States transform its military base in Guantanamo Bay into a charter city.²⁴ This particular proposal may seem unrealistic in light of the hitherto intense (though now declining) rivalry between America and Cuba, but it is not unreasonable to hold out for other, less fraught, projects along the same line.

¹⁸Lauren Carasik, “Hondurans don’t need yet another neoliberal boondoggle,” *Al Jazeera America*, July 20, 2014; Belen Fernandez, “Partitioning Honduras,” *Al Jazeera*, July 14, 2012; Suzy Dean, “Honduran charter cities trample on democracy,” *The Independent*, January 16, 2012; Annie Bird, “Privately owned ‘charter cities’ in Honduras: entire urban areas handed over to corporations,” *Global Research*, September 15, 2012; Michael Spann, “Charter cities and development: examining a paradox,” in *The Politics of Development: A Survey*, ed. Heloise Weber (Abingdon: Oxford, 2014), pp. 167–92.

¹⁹*Charter Cities: Q&A with Paul Romer* (Washington DC: Center for Global Development, 2010); available at <<http://tinyurl.com/k54onqx>>.

²⁰For example, see Keri V. Brondo, *Land Grab: Green Neoliberalism, Gender, and Garifuna Resistance in Honduras* (Tucson: Arizona State University Press, 2013), pp. 186–7; Maya Kroth, “Under new management,” *Foreign Policy*, September 1, 2014.

²¹Ellen Barry, “On Black Sea swamp, big plans for instant city,” *New York Times*, April 21, 2012.

²²Adam Taylor, “An Egyptian billionaire wants to buy an island to house refugees,” *Washington Post*, September 4, 2015.

²³“Such quantities of sand,” *The Economist*, February 28, 2015.

²⁴Paul Romer, “A charter city in Cuba,” *Urbanization Project*, July 27, 2009; available at <<http://tinyurl.com/qx6mns>>.

A more fundamental objection is that the individuals migrating to such cities may be doing so out of necessity rather than genuinely “free” choice. Imagine, for instance, the case of a woman living in rural Philippines. Her family falls on hard times and her choices are to either enter the sex trade or to migrate to a charter city where female workers earn less than men. Assume she chooses the latter. In this case it could be argued that while it is true that this Filipino woman has migrated to the charter city voluntarily, her choice should not be seen as legitimating the rules of the city because, were the possibility open to her, she would prefer to migrate to a country that ensures equal pay for equal work.

Furthermore, though Romer leaves open the door for a charter city’s transition to liberal democracy, it seems unlikely that such a move could happen early in the life of a city, since a charter city is meant to feature prudent and stable leadership, which would become less likely if its governors are subject to the political and financial pressures associated with frequent elections. As a consequence, a robust defense of a charter city’s likely prolonged divergence from liberal democratic norms becomes essential.

A second moral objection lodged against the charter city concept stems from the involvement of foreigners as guarantors. Critics argue that this feature effectively requires “poor countries to give up their sovereignty in return for the promise of greater prosperity.” Some go further and assert that the arrangement “smacks of colonialism” because it “presumes that certain places in the world are too backward to be allowed the luxury of . . . self-determination.”²⁵ Others raise the specter of “neocolonialism,” seeing charter cities as “gimmicks dreamed up in rich countries being foisted on poor ones.”²⁶ And yet others express the concern that foreign powers may support charter cities not out of concern for “the economic interests” of the residents but rather “for geopolitical reasons.”²⁷

Romer’s response has been to stress that the establishment of a charter city will, by definition, be a voluntary act. “Only a country that wants to establish a charter city will do so,” he writes, making a charter city “very different from colonial occupation.”²⁸ Alert to the possibility that a country could be compelled to consent, he also specifies that a charter city must not be proposed on the back of military intervention because a “country that is subject to a military intervention has little true freedom of action and choice.”²⁹ Romer also claims that guarantors will be accountable to their electorates, thus providing a kind of indirect democratic check. The residents of a charter city, he asserts, will be in a

²⁵Aditya Chakraborty, “Paul Romer is a brilliant economist—but his idea for charter cities is bad,” *The Guardian*, July 27, 2010; Fernandez, “Partitioning Honduras”; Arthur Phillips, “Charter cities in Honduras?” *Open Democracy*, January 7, 2014; available at <<http://tinyurl.com/pwb45j6>>.

²⁶“Hong Kong in the Honduras,” *The Economist*, December 10, 2011.

²⁷Jonathan Watts, “Honduras to build new city,” *The Guardian*, September 6, 2012; Sanford Ikeda, “Economic development from a Jacobsian perspective,” in *The Urban Wisdom of Jane Jacobs*, ed. Sonia Hirt (Abingdon: Routledge, 2012), pp. 63–83, at p. 79.

²⁸*Charter Cities: Q&A with Paul Romer*.

²⁹Paul Romer, “Charter cities versus humanitarian military occupation,” *Urbanization Project*, January 7, 2010; available at <<http://tinyurl.com/ks6f7k6>>.

position akin to that of permanent residents in the United States who are unable to vote but have reason to be confident that American citizens will hold public officials accountable as and when necessary.

These responses are also not entirely satisfactory either. Voluntariness does not fully dispatch concerns about the subordination of poor countries to rich ones, since the reliance on international capital will typically leave developing countries that wish to create charter cities with little choice but to rely on foreign guarantors (in whose absence investors may prove reluctant to invest). Moreover, coercion need not be military in nature. Pressure can come in subtler forms. For example, a debt-ridden country could be told that aid will be contingent on creating a charter city and appointing a specific guarantor.

This scenario reveals a second problem: Romer does not fully explain how a charter city will be able to monitor and punish self-dealing by its foreign guarantor. This is not a trivial problem given that the foreign guarantor's continued backing will typically be required to maintain the charter city's credibility in the eyes of migrants and investors. Can the residents of a charter city rely on the guarantor's electorate to protect their interests? One problem is a potential conflict of interest—the voters of the guarantor nation may bite their tongues because they do not wish to jeopardize the (potentially profitable) role their country plays overseas. A further difficulty is that the guarantor country may not be democratic (for instance, it could be China), or even if it is democratic, its own electorate may be so unaware of foreign events (a charge often leveled against Americans) that the interests of the charter city's residents may be left quite unattended. In this respect, the position of the residents of charter cities will be quite unlike that of permanent residents in the United States whose interests are more likely to overlap with those of American citizens, as they at least reside in the same territory.

III. DEFENDING TECHNOCRACY

“The legitimacy of any system of power,” David Beetham writes, “lies in the degree to which it is acknowledged as rightful, both by those involved with and subject to it and by third parties whose support and recognition it may depend on.” Although this definition is “a widely agreed-on one,” he adds, “much else about the subject is strongly contested.”³⁰

One such disagreement concerns whether a regime must be liberal democratic in order to be legitimate. The conventional view, which hardly needs elaboration, is that in view of the equality and autonomy of individuals a regime is legitimate only when those over whom it rules have consented to be subject to its laws and commands.³¹

³⁰David Beetham, “Legitimacy,” in *International Encyclopedia of Political Science*, eds., Bertrand Badie, Dirk Berg-Schlosser, and Leonardo Morlino (Thousand Oaks: Sage, 2011), p. 1415.

³¹Fabienne Peter, “Political legitimacy,” *The Stanford Encyclopedia of Philosophy*, ed. Edward Zalta; available at <<http://plato.stanford.edu/entries/legitimacy/>>.

To ensure that such consent is given freely, citizens must enjoy the procedural and substantive securities associated with liberal democracy.

Romer does not challenge the conventional view. He merely broadens the mechanism by which consent can be given—he wants us to accept that people can also vote with their feet. I have already explained why this claim is problematic—namely, migration may be involuntary or coerced in various subtle ways. Consent theory more generally is vulnerable to a similar challenge. A number of scholars, including John Simmons, Allen Buchanan, and Russell Hardin, have pointed out that few, if any, regimes can satisfy consent theory because social and political inequalities raise a question mark over the quality of consent that citizens can offer, and moral and political differences lead to disagreement over what is reasonable for citizens to even hypothetically consent to.³²

This vulnerability of consent theory could perhaps be employed to claim that a charter city is no more illegitimate than a liberal democratic regime since no regime is truly founded on consent. This would be a perverse strategy to adopt, not least because, as Simmons points out, saying that “all states are illegitimate . . . does not imply that all states are equally bad.” Rather, “states can be more or less fully illegitimate” depending on whether their actions are morally justified or not.³³ Hence I want to focus on a positive question: is consent, as expressed through the procedures of liberal democracy, the *only* reasonable standard of legitimacy? To put the question in context: must a charter city be liberal democratic in order to be legitimate?

Thus far efforts to delink legitimacy from democracy have been based on grounds of necessity and self-determination. Buchanan presses the former of these claims. Because we rely on political institutions to protect their most fundamental interests, he argues, we are obliged to “help ensure that all persons have access to institutions that protect their basic human rights.”³⁴ Ordinarily such institutions ought to be democratic because having an “equal say” embodies, and may better ensure, the “equal regard” due to individuals.³⁵ However, where “institutional resources for democratic authorization are not available,” the pursuit of democracy could pose “excessive risks to persons’ basic rights.”³⁶ In such cases, Buchanan writes, a regime that is not liberal democratic will still be legitimate if “it satisfies minimal standards for protecting individual’s rights by processes and policies that are themselves at least minimally just and is not a usurper.”³⁷

³²Russell Hardin, “Compliance, consent, and legitimacy” in *The Oxford Handbook of Comparative Politics*, eds. Charles Boix and Susan C. Stokes (New York: Oxford University Press, 2007), pp. 236–55, at pp. 241–5; Allen Buchanan, “Political legitimacy and democracy,” *Ethics*, 112 (2002), 689–719, at pp. 699–700; A. John Simmons, “Justification and legitimacy,” *Ethics*, 109 (1999), 739–71, at pp. 769–70; David Copp, “The idea of a legitimate state,” *Philosophy and Public Affairs*, 28 (1999), 3–45, at pp. 29–31.

³³Simmons, “Justification and legitimacy,” p. 770.

³⁴Buchanan, “Political legitimacy and democracy,” pp. 703–5.

³⁵*Ibid.*, p. 710.

³⁶*Ibid.*, p. 718.

³⁷*Ibid.*, p. 718–9.

I find this justification problematic in a number of respects. One cause of concern is its seeming unwillingness to take seriously the possibility that democracy may not be able to flourish everywhere. Buchanan takes the view that even a non-democratic regime that meets the criteria outlined above is not completely legitimate. Such a regime possesses only “minimal” legitimacy—to attain “full” legitimacy it must lay the foundations for a transition to democracy.³⁸ But what if a country’s norms or circumstances mean that democratization is likely to spur ethnic or religious conflict or engender political instability? In such a case a regime’s refusal to embrace democracy would actually make basic rights more not less secure. On Buchanan’s own logic, such intransigence ought to be seen as bolstering rather than detracting from the regime’s legitimacy.

Another cause of concern is the unstable nature of the legitimacy on offer. According to Buchanan, legitimacy “requires democratic authorization *where this is possible*.”³⁹ Read another way, this means citizens who believe that a transition to democracy is feasible may challenge the legitimacy of a non-democratic regime at any time. However, feasibility assessments may vary greatly, thus engendering potentially violent political conflict. As Buchanan himself observes, “reasonable persons may find themselves on opposite sides of the barricades, because they may make different predictions about which coercive agents to support and for how long.”⁴⁰

A further cause of concern is the thinness of the requirements for legitimacy. Buchanan effectively considers a non-democratic regime legitimate so long as it forestalls anarchy. This is a vital requirement but surely a regime also has a positive obligation to take all steps within reach to improve the well-being of citizens, for instance by providing important public services such as health, law and order, and economic regulation. There may be disagreement over what constitutes well-being. How far these differences can be narrowed is an important matter that I address below. But the deeper point is that unless one takes the view that a regime has no obligation to foster well-being (or more strongly, that such action would actually undermine legitimacy), a failure to observe this duty ought to cast doubt on a regime’s claim to legitimacy.

Rawls offers a different explanation for why legitimacy should not be tied to liberal democracy. He argues in *The Law of Peoples* that because not all societies wish to be liberal, and because self-determination is “an important good for a people,” it is inappropriate to require every society to become liberal democratic in order for its rulers to be deemed legitimate.⁴¹ In his view a regime that diverges from liberal democratic norms is legitimate when it is “decent”—that is, it eschews aggression, respects basic rights, pursues the common good, upholds the

³⁸Ibid.

³⁹Ibid., p. 719, emphasis added.

⁴⁰Ibid., p. 717.

⁴¹Rawls, *The Law of Peoples* (Cambridge, MA: Harvard University Press, 2001), p. 85.

rule of law, and consults with citizens.⁴² The legitimacy of such a regime, he argues, lies in the fact that it genuinely furthers and represents the principled interests and collective aspirations of its citizens.

Rawls's justification constitutes an improvement over Buchanan's in so far as it ties legitimacy to the upholding of negative and positive duties. It is not, however, without its drawbacks. The central problem is that Rawls permits the common good to be defined in terms of adherence to communal values. In practice, complex modern societies are not likely to actually share a common understanding of their tradition and culture. A deeper issue is that a tradition or culture may condone unequal treatment on grounds that are not acceptable to internal dissidents or foreign observers. For instance, Rawls allows the imaginary republic of Kazanistan (the archetypal decent regime discussed in *The Law of Peoples*) to legally discriminate against women and minorities if this is what its communal values genuinely demand. Why should dissidents and observers view such use of political power as rightful? It is one thing to accept Buchanan's claim that we ought to consider legitimate a non-democratic regime whose existence protects basic rights by preventing a society from slipping into strife or anarchy. It is quite another to accept the claim that we should consider legitimate inequalities that have their basis not in necessity but in the arbitrary rulings of religious authorities.

Rawls's response to this challenge is to underscore the importance of the political institutions characteristic of a decent regime. In such a regime public officials must respect "the right to express political dissent" and are obliged "to give a conscientious reply" to critical views. Otherwise citizens will, he warns, come to "their duties and obligations as mere commands imposed by force."⁴³ Such consultations give citizens the means by which to challenge and reform the prevailing conception of the common good. In the event should we find in a place like Kazanistan little or no criticism of the lower status accorded to women and minorities, then we will have reason to conclude that such laws really do embody the values of citizens (rather than the sentiments of some narrow sect or group of clerics). This outcome may distress liberals, Rawls observes, but if we truly value self-determination, then we ought to treat as legitimate a regime that enacts and enforces such laws.

Rawls's claim falls apart, however, when we reflect on the basis of public consultations. To wit, suppose internal dissidents and foreign observers challenge the inferior status accorded to women and minorities as irrational or contrary to the values and traditions of that society. Who judges this claim and on what basis? When the common good is defined along communal lines, the right to ascertain what it amounts to will presumably be invested in traditional or religious authorities. These authorities will simply respond that, interpreted

⁴²Ibid., pp. 83–4.

⁴³Ibid., p. 66.

“correctly,” the relevant scriptures or records justify the subordination of women and minorities. Since such claims are not open to empirical investigation and falsification, from the perspective of dissidents and observers, the regime will appear to be issuing illegitimate commands rather than embodying their interests and aspirations.

A third explanation for why legitimacy need not be tied to liberal democracy draws on consequentialist notions relating to performance or output or service.⁴⁴ On this view a non-democratic regime can be legitimate when it generates, for those over whom it exercises power, more desirable consequences than any plausible alternative could. I agree with Buchanan that the protection of basic rights is one such highly desirable consequence. When a non-democratic regime is the only one in a position to obtain this outcome, we have good reason to endorse it. But, as I noted earlier, protecting basic rights cannot be a sufficient basis for legitimacy because a regime is also obliged to serve citizens’ interests over and above this minimal threshold, especially with respect to the provision of public and social services necessary to well-being. We come together, as the opening line of Aristotle’s *Politics* underlines, not merely to survive, but to live well. I agree then with Rawls that in order to be legitimate, a non-democratic regime must further some common good. However, for the reasons outlined immediately above, I think Rawls makes a mistake when he permits the common good to be defined in communal terms. In order to establish in the eyes of all concerned that it is in fact pursuing the common good, a regime must pursue a conception of it founded on reason rather than revelation.

The consequentialist account presented above is typically challenged by pointing to pervasive moral and political disagreement. Such disagreement is thought to make democracy attractive, as it constitutes a fair means by which to resolve our differences. I see the force of this challenge when we seek to identify a full-blown account of the Good. In this case, the quest for an impartial identification of the Good can lead to *ipsedixitism* (“it is true because I say so”).⁴⁵ But is it not possible to identify a minimal conception of the common good on which there is in fact widespread agreement? Arguably, there are interests—encapsulated under the term *well-being*—that we recognize as important regardless of our substantive moral theories. By this I refer to an individual’s interests, starting with physical security and sustenance, continuing on to the exercise of basic functions, and then finally on to the cultivation of broader intellectual and emotional capabilities. The activities, documents, and statements of national governments, international institutions, and civil society groups confirm that such objectives are widely desired. If so, then a regime that is

⁴⁴Peter, “Political legitimacy”; Joseph Raz, *The Morality of Freedom* (Oxford: Oxford University Press, 1986), p. 56.

⁴⁵Ken Binmore, “A utilitarian theory of political legitimacy” in *Economics, Values, and Organization*, eds. Avner Ben-Ner and Louis Putterman (Cambridge: Cambridge University Press, 1998), pp. 101–32, at pp. 104–7.

able to secure such goods will enjoy “output legitimacy” (to use Fritz Scharpf’s widely cited term).⁴⁶

This claim will quickly invite objections. It will be pointed out that there are likely to be disputes over how well-being ought to be conceived and measured. But we can sidestep this difficulty by means of a reformulation: a charter city must pursue a *plausible* conception of well-being—that is, a conception endorsed by a wide range of disinterested observers. In this sense a plausible conception of well-being is human development as reported in the United Nations Human Development Report (HDR), which tracks indicators such as per capita income, infant mortality, literacy, and life expectancy, as well as measures of inequality. There are other indices that we could also employ—tracking outcomes in areas as varied as law enforcement, social equity, and service provision—effectively creating an index of plausible indices.

A second objection will be that if international agreement on the importance of human development can serve as the basis for requiring charter cities to pursue these objectives, then why should the near-universal ratification of the International Covenant on Civil and Political Rights not be viewed as also requiring them to enshrine a broad spectrum of political and civil liberties? A related but distinct objection is that political and civil liberties are intrinsic to human development, and that hence a charter city is obliged to foster them as well.

The answer to these objections is *not* that the residents of a charter city will see liberal democracy as a foreign value or that political and civil liberties are unimportant to human flourishing. Instead, the relevant observation is that individuals’ interests are hierarchical in nature, and that when these interests come into conflict, it is appropriate to prioritize the more fundamental among them. In environments where poverty and inequality have fostered violence, exploitation, and instability, individuals may be willing to forego political and civil liberties should this be necessary to secure more fundamental interests such as order, security, and an escape from poverty and stagnation.

Is this a *bourgeois* argument that privileges material outcomes at the expense of freedom? It will seem so to those who shout “give me liberty or give me death,” but not to the sizable number who evidently prefer effective administration—a preference structure made clear by the risky endeavors of illegal immigrants, and even by the endeavors of skilled migrants who leave their home countries to take up “guest worker” positions overseas. In both cases we see individuals—especially those migrating from democracies such as India and the Philippines to non-democracies like Hong Kong and Qatar—choosing to forego political and civil liberties in order to secure livelihoods and improve their living standards.

⁴⁶Fritz Scharpf, *Governing in Europe: Effective and Democratic?* (Oxford: Oxford University Press, 1999), pp. 7–14.

A third objection will be that absent the procedural and substantive securities associated with liberal democracy, power will be abused. But such an absolute statement is belied by experience. One would be hard-pressed to claim, for instance, that over the past half century Hong Kong has experienced grave abuses of power (whereas racial minorities in the United States do routinely claim to have experienced abuse and received no redress). Similarly a one-party dominant system in Singapore has not prevented the country from routinely coming at the top of Transparency International's Corruption Perceptions Index (the United States, by contrast, usually ranks much lower).

The above examples do not imply that the governors of a charter city should be given *carte blanche*. Limitations on civil and political liberties are appropriate only if they are *minimal* and *reasonable*. The former requirement is conceptual in nature. A charter city that depends on widespread violations of liberty, such as the detention of segments of the population, cannot by definition be legitimate.

The latter requirement is moral in nature. As liberties protect fundamental interests, restrictions are justified only when they are necessary to protect higher order interests. This formulation is hardly unusual. It expresses the well-known idea that while political and civil liberties should not be subject to the fluctuations of a bare utilitarian calculus, when the exercise of a right has the potential to negatively affect even more valuable interests, such as sustenance and stability, a process of balancing will have to ensue, and may lead to the curtailing of that right. This logic should be familiar to liberal societies. It is, after all, how they justify their own divergences from liberal democratic norms when, for example, they curtail speech or maintain secrecy in the name of national security. In acting this way liberal societies acknowledge a hierarchy of interests. The justification for a charter city's divergence from liberal democratic norms rests on the same reasoning. Crucially, since the legitimacy of a charter city depends on the furthering of well-being, public reasoning and deliberation on rights violations become meaningful in a way that they cannot be on Rawls's account, since the debate in this instance is based on reason rather than revelation.

A final objection will be that performance constitutes an unstable basis of legitimacy. But evaluating performance over various durations can reduce this concern. There is no good reason to think that short-term fluctuations—caused for example by an economic crisis—will vaporize the legitimacy a regime has earned over time. Furthermore, the legitimacy of a charter city will surely not rest on performance alone. The realization of the various norms outlined thus far, including the observance of basic rights, the rule of law, probity, and the pursuit of human development, will depend on the careful design of public institutions. It is not unreasonable to think that these institutions will bolster the regime's legitimacy by giving observers an independent subsidiary reason to trust that the regime is public-spirited rather than self-interested.

In addition to separating power by involving foreign guarantors and requiring officials to justify their policies publicly, a charter city could take a series of other

measures to prevent self-dealing. It could, for instance, engage a Board of Trustees to appoint executive branch officials on a meritocratic basis, tie officials' compensation to welfare outcomes, and subject them to mandated internal and external audits that monitor their compliance with best practices. It could also potentially mandate a referendum, either on a generational basis or when multiple audits reveal persistent wrongdoing. It could address the danger that first-generation migrants will close the door on subsequent migrants in order to limit competition, a trend witnessed in early modern European city-states, by requiring migration criteria and records to be published and audited.⁴⁷ I lack the space to elaborate and defend such relevant arrangements, but the deeper point should be clear: there is reason to think that we can check power and hold it accountable in spite of the absence of liberal democracy. Should suitable institutions be created, as arguably has occurred in places like Hong Kong and Singapore, then citizens and observers will have an additional reason to see that city as legitimate.

IV. DEFENDING FOREIGN INVOLVEMENT

Let me now address the other objection outlined previously. Romer, we have seen, responds to the charge that charter cities embody neo-colonialism by emphasizing that the decision to involve foreign powers rests solely in the hands of the country that chooses to host a charter city. However, this response is vulnerable to the criticism that developing-world countries do not really have a choice—if they wish to escape poverty by building charter cities, they must secure the support of a foreign guarantor to address the problem of political risk that would otherwise deter residents and investors, a requirement that renders them supplicants, having to curry the West's favor.

This criticism can be rebutted by focusing not only on the opportunity to choose foreign involvement but also on the *consequences* of such involvement. In particular, when foreign involvement has demonstrably positive consequences—as measured by widely endorsed measures of governance—then critics will be hard-pressed to claim that such involvement is pernicious, since improvements in the quality of governance surely increase rather than hinder the ability of poorer countries to chart their own course. Conversely, should foreign involvement prove costly and non-productive—for instance, if we see a charter city doling out lucrative policing contracts to the same guarantor but witness little or no reduction in crime rates—then we would have reason to wonder whether the choice to involve foreigners was in fact the product of free choice (or if it was in fact the product of bribery or subtle forms of coercion).

This emphasis on consequences may be met with the response that there are few, if any, examples of constructive foreign involvement in the execution of

⁴⁷David Stasavage, "Was Weber right? The role of urban autonomy in Europe's rise," *American Political Science Review*, 108 (2014), 337–54.

sovereign functions. America's bungled state-building effort in Iraq may be cited to show the dangers of making self-interested or poorly informed foreigners responsible for the provision of core functions, especially law and order. Such skepticism can be overdone though. Aila Matanock has recently shown that there *are* "delegation agreements" between countries that have produced desirable outcomes.⁴⁸ For example, confronted with growing violence and rising corruption the Governor General of the Solomon Islands requested Australia to take over law enforcement in 2003. The Australian-led Regional Assistance Mission to the Solomon Islands (RAMSI) "brought in more than 2,000 soldiers and other personnel and succeeded in establishing the rule of law before departing in 2013."⁴⁹

There are also historical examples worth bearing in mind. Avner Greif has drawn attention to the experience of Genoa, which, riven by factional conflict, chose to entrust the administration of the city to a non-Genoese *podesta* (or chief magistrate). By "enabling cooperation" between rival groups, Greif writes, the institution made Genoa "more militarily powerful and economically prosperous than ever."⁵⁰ Stephen Krasner has highlighted the experience of the Ottoman Empire, which, seeking access to international capital markets, created a foreign-staffed Ottoman Public Debt Administration in order to assure debtors that prior failures to service loans would not reoccur. The Administration, which eventually controlled nearly a quarter of the Empire's revenue, is said to have "improved the condition of the sectors under its control" and "generated positive externalities for several other sectors of the economy."⁵¹ More recently, Michael Hechter has studied the activities of the British-staffed Chinese Maritime Customs Service, which was made responsible for the collection of revenue deriving from overseas trade after Qing Dynasty officials were found wanting. The Service, he writes, "proved to be effective at collecting taxes, attacking piracy, and minimizing corruption" and was subsequently called on to "provide a wide range of collective goods in coastal China."⁵² These successes help explain, he notes, why the Service was retained even after the nationalist-led Chinese Revolution of 1911.

An emphasis on consequences is important for another reason. Imagine country *A* creates charter city *B* with a guarantor *C*. The arrangement is entirely

⁴⁸Aila M. Matanock, "Governance delegation agreements: shared sovereignty as a substitute for limited statehood," *Governance*, 27 (2014), 589–612. For historical cases, see Stephen Krasner, "Sharing sovereignty: new institutions for collapsed and failing states," *International Security*, 29 (2004), 85–120.

⁴⁹"Unbundling the nation state," *The Economist*, February 8, 2014.

⁵⁰Avner Greif, "On the political foundations of the late medieval commercial revolution: Genoa during the twelfth and thirteenth centuries," *The Journal of Economic History*, 54 (1994), 271–87, at pp. 281–4.

⁵¹Krasner, "Sharing sovereignty," p. 109; Murat Birdal, *The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century* (New York: I.B. Tauris, 2010), p. 6.

⁵²Michael Hechter, *Alien Rule* (New York: Cambridge University Press, 2013), pp. 38–9.

voluntary. However, it turns out that because *C* employed excellent lawyers and *B* did not, corporations from *C* have ended up controlling *B*'s ports. An investigation reveals that *C*'s corporations now make three times more in profits from running *B*'s ports than do corporations running similarly sized ports elsewhere, while *B* receives less than half the revenue that owners tend to receive from such enterprises. In this case would we say that because *B* voluntarily contracted with *C*, the arrangement is legitimate? From a strictly legal perspective the contract may be above board, but from a broader moral perspective it would appear that *C* has utilized its superior capabilities—well-trained and well-paid lawyers, economists, financiers, and publicity teams—to secure for itself a profitable monopoly.

The point this scenario reveals is that voluntariness is a necessary but not sufficient standard by which to evaluate foreign involvement. This is *not* because developing countries and poor peoples are hapless innocents trapped in a “neoliberal” system fashioned and ruled by the West. Rather, the point here is that in cases where the parties involved have very different initial endowments, we need to worry about fairness in terms of procedures and outcomes. This is not the venue at which to specify and defend a particular conception of fairness, but it should be uncontroversial, I think, to conclude that foreign involvement that leads to rent-seeking lacks legitimacy.

The foregoing discussion segues into the second issue we need to address—namely, how to preempt or at least redress exploitative foreign involvement. Romer identifies the separation of powers—typically accomplished here through the delegation of law enforcement—as crucial to securing accountability. But it is not difficult to envision circumstances in which this arrangement could lead to self-dealing. Staying with the example discussed previously, what reason do residents of charter city *B* have to be confident that anti-monopoly legislation or lawsuits for punitive damages brought against country *C*'s corporations will be adjudicated fairly by *C*'s legal system? In other words, what can we say when *B*'s residents ask who will guard them against their guardians *C*?

There are at least three safeguards that can be proposed in response to this question (which Romer has hinted at in one form or another).⁵³ Given limited space, my observations will have to be brief. No doubt much additional detail, tailored to particular cases, will need to be provided before such safeguards are deemed credible and workable. The purpose of these brief remarks is simply to show that the question is far from being unanswerable—it *is* possible to design guarantor institutions and contracts in such a way as to curb the risk of self-dealing.

The first safeguard is to club guarantors. There are many ways to do this—for instance, by having one country supervise the police force but having another supervise the judicial system, or having two or more countries jointly appoint key

⁵³Paul Romer, “Charter cities and reform zones,” *PaulRomer.net*, July 16, 2014; available at <<http://tinyurl.com/oyksox8>>.

officials in law enforcement. The basic idea here is to deepen the separation of powers such that no one country monopolizes the law enforcement function. This remedy is not without drawbacks. It will make recruiting guarantors harder because the more complicated and demanding the enterprise, the warier countries will become of getting involved. It is also likely to lead to increased coordination costs, as complex systems, procedures, and chains of command will need to be harmonized.

A second safeguard is to subject the guarantor's performance to regular external audits. Creating a board of auditors charged with protecting the charter city's interests could do this. In order to ensure its independence this board would need to be funded by an endowment and composed of internationally respected individuals free from conflicts of interest vis-à-vis the foreign guarantors and corporations involved. The body's mission would be to survey, analyze, and then publicly evaluate the guarantor's performance. This remedy too has its limitations, the principal one being that in the absence of judicial power the auditors' reports could end up gathering dust. There could also be differences of opinion between the auditors over how to tally the costs and benefits associated with a particular engagement, which may leave observers uncertain as to what conclusion to draw.

The third—and most important—safeguard would be to require the guarantor relationship to be subject to an internationally supervised referendum at regular intervals. This “accountability moment” will focus the mind of guarantor nations since they will stand to lose not only what revenues they earn from their role but also from the wider market for government services. In the interest of disentangling retrospective accountability from prospective choice, the question put before the residents of the charter city ought to be solely whether to continue the existing relationship, with alternative arrangements to be proposed and voted upon separately. This safeguard would have the added advantage of addressing concerns about the potential powerlessness of the auditors whose views would no doubt have an impact on the referendum. Indeed, we could design the safeguards to work in tandem such that three successive negative reports from the auditors would automatically bring forward the referendum.

It may be said that powerful guarantors will not be reined in by the checks and balances outlined above. But such criticism misapprehends the purpose of our discussion. Our objective has been to establish a standard of service that guarantors must satisfy, and to indicate the institutions that would help observers evaluate whether this standard is in fact being met. It is possible that a powerful country will ignore these standards or subvert the overseers, but then we have a name for such action—colonialism. Of course, we want the aforementioned checks and balances to work in practice, but the degree of our confidence in them must depend on the particulars of each case. I do not see value in sweeping pessimism because, as we have seen, there are cases where external involvement has had desirable consequences.

V. A PARTING PARADOX

In the foregoing section I have argued that in order to be legitimate, foreign involvement in charter cities must not only be voluntary, it must also have desirable consequences, particularly in terms of widely accepted governance indicators, and it must also be subject to a wider-than-usual range of checks and balances, including independent external audits and periodic reauthorization. If these arguments, and those made in preceding sections, are accepted, then the implication is that the *moral* challenges confronting charter cities are not insurmountable.

It would be a mistake to conclude from the above statement that charter cities ought to be pursued with blind zeal. Because the establishment of these cities will absorb resources that could be utilized in other ways, and because their existence and operation will impact the life plans of countless individuals, we need to think long and hard about the practical challenges that may arise. Given limitations of space I will focus on three such challenges, none of them trivial.

The first is that charter cities may not receive from host nations the cooperation needed to succeed. Political elites, especially those who succeed the original visionaries, could easily lose interest in fostering a competitor whose success starts to undermine support for the rules that benefit them at home.⁵⁴ A further challenge is that even when a far-sighted elite can be found, the wider citizenry may prove recalcitrant. As William Easterly and Laura Freschi point out, “land ownership and sovereignty are explosive issues that may not be easily or peacefully negotiated away by leaders on behalf of their people.” As a consequence, “the promise of starting from scratch is an illusion,” they argue, because “no matter where you go, you take yourself with you culture, history, habits, attachments and animosities come along like a skin you can’t shed.”⁵⁵

These difficulties have already made themselves felt in practice. In 2009 President Marc Ravalomanana sought to establish a charter city in Madagascar but his time in office was cut short by a coup.⁵⁶ Then, in 2011, President Porfirio Lobo Sosa of Honduras sought to establish a charter city. Romer was to be involved in a direct way as the chairman of a Transparency Commission (a sort of board of trustees) that would oversee the roll out of the so-called RED zones (after the formal Spanish title *Regiones Especiales de Desarrollo*). However, in 2012 it emerged that President Lobo had quietly signed an agreement with a private corporation allowing it to manage and operate a RED zone. Because the decision usurped the Commission’s powers, Romer withdrew from the enterprise

⁵⁴Justin Sandefur and Milan Vaishnav, *Imagine There’s No Country: Three Questions About A New Charter City in Honduras* (Washington DC: Center for Global Development, 2012), pp. 4–5; available at <<http://tinyurl.com/qenv8fh>>.

⁵⁵Laura Freschi, “The lure of starting from scratch,” *Aid Watch*, June 17, 2010; available at <<http://tinyurl.com/lxfzqmw>>.

⁵⁶Sebastian Mallaby, “The politically incorrect guide to ending poverty,” *The Atlantic*, June 28, 2010.

(which in any case collapsed shortly thereafter when the Honduran Supreme Court declared RED zones unconstitutional on the grounds that they violated national sovereignty).⁵⁷

Romer's response to these setbacks has been to observe that there *are* instances in which elites have pushed through significant reforms in spite of opposition from entrenched interests—a prominent example being Deng Xiaoping's decision to free up China's economy. Such openings are most likely to appear when decision-makers lack the political capital to engage in root-and-branch reform but do have enough elbow room to force through a limited policy innovation. Romer can also point to continued interest in the charter city idea, most recently from Morocco, Tunisia, and El Salvador.⁵⁸

But even if we accept this response, I doubt there is a good answer to the third challenge charter cities face—namely, the risk of predation. Romer's response to this challenge has been less than convincing. When asked what would happen if a host country chose to “violate the terms of the treaty and take the city over once it is built,” he cites the First Gulf War as revealing “how easy it was to mobilize a military reaction to Iraq's invasion of Kuwait.”⁵⁹ But surely the real lesson to draw from this episode is that, like Kuwait, a charter city will need to have foreign military support on tap in order to fend off threats. Such a step will inevitably draw that city into the swirl of international politics, and likely complicate, perhaps even compromise, its ability to challenge its security provider.

The above difficulties imply that charter cities are more likely to be feasible if developed countries create them on their own territory or when a major power or the international community takes the lead in establishing them in the developing world, be this through inducement or intervention.⁶⁰

The former option seems politically unviable. It would challenge labor and environmental protections in the host country, since local firms would have an incentive to relocate to the charter city, where costs will be lower. By the same token, developed countries will surely be accused of exploiting migrants who will presumably lack the social and economic protections offered to workers in the host country. Given the numbers that wish to migrate to a few developed countries there will also surely be controversies over the sharing of land and natural resources.

⁵⁷Elisabeth Malkin, “Plan for charter city to fight Honduras poverty loses its initiator,” *New York Times*, September 30, 2012.

⁵⁸Jason Dearen, “Can ‘charter cities’ help abolish global poverty?” *Smart Planet*, February 26, 2013. Also see Gbenga Oduntan, “Why Nigeria's plans for a dream Eldorado city are not radical enough,” *CNN*, August 10, 2015; available at <<http://tinyurl.com/ott8ena>>.

⁵⁹“Can ‘charter cities’ change the world? A Q&A with Paul Romer,” *Freakonomics*, September 29, 2009; available at <<http://tinyurl.com/mt4d8fb>>.

⁶⁰On this see Gerald B. Helman and Steven R. Ratner, “Saving failed states,” *Foreign Policy*, Winter, 1992; Stephen Ellis, “How to rebuild Africa,” *Foreign Affairs*, September, 2005; Ken Hagerty and Theodore R. Malloch, “Free cities,” *Weekly Standard*, July 18, 2007. See, however, the caution sounded in David A. Lake and Christopher J. Fariss, “Why international trusteeship fails: the politics of external authority in areas of limited statehood,” *Governance*, 27 (2014), 569–87.

The latter option sidesteps these problems. A charter city located in the developing world will typically pay workers more than they would make in the host nation, and a wider array of potential hosts would prevent migrants from burdening one or a few nations. This course of action is troubling for a different reason: the more the realization of charter cities comes to depend on foreign intervention, the further we move away from a founding based on consent and the closer we come—not necessarily to colonialism—but to paternalism in the form of trusteeship. Such an outcome will be seen as violating the principle of self-determination, provoking fears about Western imperialism that Romer's emphasis on voluntariness meant to extinguish.

It remains to be seen how intractable this paradox is—the answer will depend on whether voluntariness and paternalism can be combined in an acceptable package. It is not difficult to see that a combination sweetened by inducements is likely to prove more tolerable than one based on compulsion. This is not the venue at which to speculate on this subject, but the problem is worth posing because the alternative is to give up on the idea of charter cities, leaving the resolution of the immense problems of development to incremental reform and the goodwill of donor nations—an outcome that is hard to accept when we remind ourselves of “the wretched refuse from teeming shores” (to borrow from Emma Lazarus) that arrive on our doorstep every day.