

Editorial

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Symposium on Fair Trade: Introduction

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Among the burgeoning literature on international and global justice, the issue of fairness in trade has recently been attracting a good deal of attention. Indeed we may have reached the interesting point at which there is sufficient philosophical literature on the topic for the main normative issues to have emerged into clear daylight, but there is still room for original theories to be developed. This interest in fair trade is hardly surprising. Many now think it holds the key to the economic development of poor countries, a promising alternative to international aid whose practical shortcomings as a remedy for global poverty have been widely documented. At the same time we know that the current practice of trade can leave producer groups exposed to exploitation by Western corporations and their customers, and poor communities vulnerable to devastation if the pattern of trade suddenly shifts against them. So trade is both a source of hope and a cause of fear, and we need to find principles that will tell us when it is being conducted in a morally acceptable way.

But what exactly is meant by ‘fair trade’? When we look either at philosophical treatments of this concept or at how it is presented in public discourse, we find it being used in quite different ways. Consider the practical uses first. On the one hand, organizations such as the Fair Trade Movement seem primarily concerned with development issues – how to change the rules of trade so they work to help poor people in developing countries. On the other hand, both unions and businesses in developed countries complain of unfair competition from goods made in developing countries whose costs are lower – sometimes because of violation of standards that are enforced in developed countries, such as environmental and labour laws. So ‘fair trade’ is being invoked both by people who want to change the rules of international trade so that they are more favourable to badly-off workers in developing countries, and by those who

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want to give greater protection to established industries in rich countries. It seems unlikely that this involves no more than an empirical dispute about the application of a shared idea of fair trade. It seems rather that there may be significant disagreement about what *makes* trade fair: what conditions a given trading practice has to meet in order for us to say that it's a fair practice.

Moving now to debates of a more theoretical kind, one has to do with identifying the relevant participants in trading relationships: are they individual people, or corporations, or states? Descriptively, all of these are involved, but from a normative perspective which relationships are fundamental? Are we to think about the general way in which state A organizes its trade with state B – for example the rules it applies to goods imported from state B, in terms of quotas, tariffs, etc.? Or are we to think about the relationship between an individual person in state A – a coffee grower, say – and the multinational corporation that buys his product, or indeed the person in state B who finally consumes it? Debates about fair trade seem to occur at both levels. People are concerned that only a tiny fraction of the coffee's selling price in B goes to the grower in A, and regard that as unfair. But there is also concern about the way in which powerful states impose unfair trading rules on weaker states, which although it may have ramifications at the individual level does not seem reducible to unfairness between individuals (think, for example, of the Soviet-dominated trading system under Comecon, whereby the Soviet Union exported oil and other raw materials to countries in Eastern Europe and in return imported their manufactured goods at prices below those prevailing on the world market). Standing back from these debates, one can think of reasons to justify either approach. Since our deepest concern in thinking about trade from a normative perspective is likely to be the effects it has on individual lives, this suggests understanding fairness in terms of the benefits and burdens that trade creates for individual people. On the other hand, since trade is also a rule-governed practice that operates on a large scale, we have good reason to direct our attention to the agents who make the rules, and can therefore change the form that the practice takes, which means states and international bodies such as the World Trade Organization (WTO).

A second question is how far should we understand fairness in trade as internal to the practice of trade itself, and how far should we subsume it under a wider conception of global justice. That is, should we look at the terms on which the transactions that constitute trade in a particular commodity, say, are conducted, and ask whether those terms are fair as between the parties involved in that branch of trade? Or should we look more widely at the *consequences* of the trade that is carried out under those terms, asking, for example, about whether it is consistent with some global principle of distributive justice such as the

Rawlsian difference principle. Does it help to raise the position of the weaker trading partner above some poverty line, or indeed raise that party's position to the maximum extent possible? The question, in other words, is whether we should be looking directly at trade itself, as a practice within which commodities are exchanged between different countries, or individuals or firms in those countries, at certain prices and according to certain ground rules, and asking whether the practice is fair, by some criterion; or whether we should be considering the impact that trade may have on the overall position of the trading partners, for example, whether it renders them more or less equal in resources than they were before the exchange. It would be naïve to think that these two issues are really one and the same. There are of course conceptions of justice and fairness that are entirely procedural and that would therefore make the second question redundant; there are also ethical theories such as simple utilitarianism that attach no moral weight to procedural issues and look only at the overall consequences of different practices. But these are both extreme positions. For most people, I suspect, who believe in the value of fair trade, it matters both in its own right – it is important that when parties exchange goods they should do it on terms that are fair, in particular terms that do not exploit either side – and for the consequences that it brings: fair trade is also trade that leaves both parties reasonable well-off by some standard. That is certainly the assumption of those who see fair trade as making a significant contribution to the relief of global poverty.

So we see that there is widespread disagreement about what the issue of fair trade actually amounts to: not only about the principles that should govern it, but more fundamentally about the subject matter to which they are to apply. This disagreement is reflected in the essays making up this special issue, which constitutes an excellent introduction to the current state of debate on fairness in trade. The first is by Aaron James, whose book *Fairness in Practice* contains the most sustained treatment of the topic that we have to date. James argues that we should understand trade from the perspective of international justice – justice between nation-states – and he proposes three basic principles to govern it: trading nations should protect against the harms caused by trade; they should distribute the gains brought about specifically by trade equally between them; and within each state the gains should also be distributed equally unless an unequal distribution is acceptable to all. He argues that these principles are appropriate once we recognize that the relationship between trading countries is one of partial, rather than full, economic integration. And he goes on to defend his claim that we can identify distinctive 'gains from trade' by comparing the global economy as it currently is with a hypothetical baseline of 'autarky' in which each country produces independently and there is no trade.

It is this claim that is challenged by Matthias Risse and Gabriel Wollner in the second paper here. They argue that historical interconnectedness between states means that it makes no sense to use autarky as a reference point when deciding what states are entitled to keep for themselves without being subject to distributive principles. Yet they agree with James that we should think about trade in terms of structures rather than in terms of individual transactions. Risse and Wollner argue that the key concept is exploitation – taking unfair advantage – and this can be applied to individuals and companies as well as to states. Moreover exploitation can arise in a number of ways, and the theories proposed by Steiner, Goodin and Vrousalis each capture part of the phenomenon. Risse and Wollner conclude, however, that in a non-ideal world it may sometimes be permissible to engage in exploitative trade (since even the exploited may benefit from it).

Clara Brandi joins the debate between James and Risse and Wollner, arguing that James' Fair Distribution approach to trade can be rescued from the baseline problem by taking as the relevant starting point the distribution of benefits that occurs prior to any WTO/General Agreement on Tariffs and Trade (GATT) trade liberalization agreements – she calls this the Global Trade Regime approach. She recognizes that this narrows the range of trade benefits that will be available for equal distribution, but she also defends a more stringent principle of trade fairness, that requires us to take into account inequalities in market access – for example, the barriers that poor countries may face to complying with the health and safety standards that richer partners may insist on for the products that are traded. This, then, may require investment in the trade-related infrastructure of such countries as a matter of justice. She also argues that the exploitation image of trade, of the type proposed by Risse and Wollner, needs to be extended to take account of power asymmetries between states that affect the agreements reached in WTO trade negotiations.

Andrew Walton is much more sceptical than the previous three authors about whether there are duties of justice that apply to trade specifically. He considers three possible duties: the negative duty not to cause harm, the positive duty to provide basic goods and duties requiring the fair distribution of benefits and burdens among relevant actors. He argues that although the duties apply to agents engaged in trade, they are not generated by the trade relationship itself; at most, trading relations might affect the specific form that these duties take. In the case of duties of fairness, Walton argues that these will apply globally to the extent that there is a global 'basic structure', and that trade should be subsumed within the wide-ranging set of worldwide practices and institutions that now exist, rather than being treated as a separate sphere of distributive justice.

The final two papers in the symposium examine specific practices connected to trade from a normative perspective. Sonja Dänzer examines the claim that

hiring people to work in sweatshops for below-subsistence wages is exploitative (and a fortiori unfair). She argues that norms of fairness must be understood contextually, in relation to the purpose of the social practice that they govern. When labour contracts are made, the aim is to find terms to which both parties can give ‘morally transformative’ consent. Although people who are offered employment in sweatshops may consent *rationally* to the terms they are offered, because the alternatives available to them are so bad, the consent fails to be morally transformative. Fairness therefore requires that they be offered terms that they would be willing to accept if they were not in circumstances of desperate need.

Sylvie Loriaux and Alexia Herwig advance a radical proposal that would require the WTO to extend its liberalization of trade in goods and services to cover the migration of the workers who provide them. They argue for this by appeal to the principle of ‘competitive equality of opportunity’ according to which it is not enough to have formally fair rules when people involved in a competition are starting from very unequal positions. Although they are sympathetic to James’ egalitarian argument as it applies to the distribution of the gains from trade, they claim that it must be extended to apply to the background inequalities in technology, infrastructure and education that disadvantage workers from poor countries. Allowing low-skilled workers to migrate on a temporary basis to developed countries, thereby increasing their human capital, would go some way towards rectifying this inequality.

By appealing to global equality of opportunity as the relevant principle, Loriaux and Herwig may appear to take a more cosmopolitan approach to fair trade than the other contributors to the symposium. Yet on closer inspection we find that they too adopt an ‘associational approach’ that resembles James’ ‘practice-based approach’ in linking distributive principles to the sets of social relationships in which the participants stand towards one another. It appears, then, that where contributors are offering rival accounts of the meaning of fair trade, this is not because they line up against each other as ‘cosmopolitans’ or ‘internationalists’, but because they disagree about how best to characterize current trade practice – what should be seen as part of it, and what should be seen as independent background factors that may nevertheless influence its outcome. Although it would be wrong to say that this is just an empirical disagreement, it suggests that getting the normative story about trade right may depend on how well we understand the mechanics of trade, and in particular the role played by state-led organizations such as the WTO in framing it.