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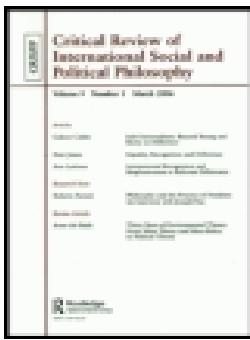
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## Fair trade: global problems and individual responsibilities

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The topic of global trade has become central to debates on global justice and on duties to the global poor, two important concerns of contemporary political theory. However, the leading approaches fail to directly address the participants in trade and provide them with normative guidance for making choices in non-ideal circumstances. This paper contributes an account of individuals' responsibilities for global problems in general, an account of individuals' responsibilities as market actors, and an explanation of how these responsibilities coexist. The argument is developed through an extended case study of a consumer's choice between conventional and fair trade coffee. My argument is that the coffee consumer's choice requires consideration of two distinct responsibilities. First, she has responsibilities to help meet foreigners' claims for assistance. Second, she has moral responsibilities to ensure that trades, such as between herself and a coffee farmer, are fair rather than exploitative.

**Keywords:** fair trade; exploitation; responsibility; global justice; ethical consumerism

The topic of global trade has become central to debates on global justice and on duties to the global poor, two important concerns of contemporary political theory. The leading approaches evaluate trade in terms of its impact upon the global poor (Pogge, 2002; Stiglitz & Charlton, 2005), or they view the trade regime as an important site of global justice (James, 2012; Risse, 2012, pp. 261–280). For a consumer choosing between a conventional coffee brand and a fair trade brand that costs a bit more, the moral significance of her choice is often understood in terms of its impact on global poverty or the realization of global justice. Peter Singer would advise the consumer to choose fair trade coffee as a way to transfer resources to the global poor (2006). Andrew Walton argues that choosing fair trade coffee has expressive effects that can motivate others to act on their duties of global justice (2012).

The empirical literature also evaluates fair trade as a mechanism for transitioning to a better world, whether this consists in a world without poverty or a just global order. Among scholars who evaluate fair trade as a means of alleviating poverty (Arnould, Plastina, & Ball, 2009; Ruben, Fort, &

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Zúñiga-Arias, 2009), the current consensus is that fair trade's effects tend to be positive for participating farmers. However, these studies acknowledge that fair trade's impact tends to be modest and that its benefits do not reach the poorest of the world's poor. Other scholars evaluate fair trade as a political movement:

The act of selling goods can be used as an opportunity to educate consumers about the need to change an unjust international trading system, and as a vehicle for demonstrating a practical alternative for trade that better serves the needs of people in the global South. (Low & Davenport, 2006, pp. 315–316)

These scholars tend to view fair trade as a political movement in crisis, due to the fact that many retailers are de-emphasizing political messages in favor of 'mainstream' marketing practices.

In this paper, I will argue for a different understanding of the role of fair trade in non-ideal theory. While others have argued that individuals are required to purchase fair trade products as a mechanism for transitioning to a better world, this paper will argue that fair trade purchases are required in order to respect a provisional duty of non-exploitation of their trading partners. I will argue that consumers have duties of fairness that are specific to their roles as participants in global trade, given that their trading partners have unmet claims under present non-ideal conditions. Taking the coffee consumer as an illustrative example of a participant in trade, my argument that she should purchase fair trade coffee will rely on evidence that the fair trade coffee industry tends to provide farmers with higher prices than conventional coffee.<sup>1</sup> The argument is restricted to trades that are mutually beneficial, and not harmful overall for their participants. A trade that is beneficial overall for a participant can contain some harmful components, such as health risks from poor working conditions. Participants in trade are individual or collective entities whose economic choices involve them in direct or indirect exchanges with other participants.

Many persons, including coffee farmers, have claims for others to secure their entitlements or to offer help in accordance with duties of humanity. In my view, all individuals have claims to enjoy membership in what I call 'minimally just' societies. When a society fails to meet standards of minimal justice, its members have claims to international action to address its deficiencies. Such actions might include financial transfers, service provision, or political pressure. When persons have unmet claims to enjoy membership in minimally just societies, this can increase their willingness to accept relatively unfavorable terms of trade. I take a Guatemalan coffee farmer as an illustrative example of an individual with an unmet claim for membership in a minimally just society.

My market-based standard for fair trade references the terms of trade that both parties *would have* freely accepted, in an idealized counterfactual market in which no party's claims to live in a minimally just society are unmet. If this counterfactual trade is more favorable to the party with an unmet claim, then

their actual trade is exploitative. I will argue that a participant in trade, such as the coffee consumer, can be responsible for exploitative trade in two different senses. First, she can be responsible for helping to enable or facilitate the background conditions under which exploitation can occur. Second, she can be responsible for her own engagement in exploitative trade. While responsibility for facilitating exploitative trade can be discharged through various mechanisms, the latter responsibility can only be fulfilled through choices made as a participant in trade. The consumer ought to offer the coffee farmer fair terms of trade, which are the terms the farmer would have freely accepted under background conditions in which he enjoyed the benefits of membership in a minimally just society.

The paper provides a new way to understand exploitation in trade and its relationship to individuals' responsibilities to non-compatriots, bridging a gap between consumer ethics and global justice.<sup>2</sup> The argument proceeds as follows. The paper will describe a Guatemalan coffee farmer as an illustrative example of an individual with an 'unmet claim' for international action to promote institutional reforms to his society. Then the paper will describe trade between this individual and a far-away consumer, explain the impact of his unmet claim on their terms of trade, and argue that their trade is exploitative. Subsequently, the paper will describe a coffee consumer's responsibilities in general and to a coffee farmer in particular. Finally, it will respond to four objections.

### **Part 1: International action to promote minimally just societies**

The premise of my argument is that the background conditions of global trade are characterized by a fundamental asymmetry. Some people live in minimally just societies, while other people have claims for international action to help make their societies minimally just or, failing that, to provide an approximation of the benefits of membership in such societies. The idea that there is a duty to provide international action to reform the basic structure of societies owes a debt of inspiration to John Rawls' argument for a 'duty of assistance' in the *Law of Peoples* (1999, pp. 105–120). I will suggest that my characterization of the background conditions of trade is not especially controversial when stated at an appropriate level of generality. There is an assumption that individuals have a responsibility to assist others, and I will argue that the duty to promote institutional reforms to societies can be derived from this general view.

#### ***Minimal justice and claims for international action***

When an individual does not live in a minimally just society, he or she has a claim for international action that is best understood as a human rights claim. I follow interpreters who have taken a practical approach to specifying the idea of human rights, which encompass multiple conceptions of how to justify and

specify the content of human rights (Beitz, 2009; Shue, 1980). The core idea is that individuals' claims for respect of their human rights are addressed first to their own societies, and that these societies should provide institutional protections to secure their members' rights against standard threats. Individuals have secondary claims for international action when societies fail to meet a threshold of respect for their members' human rights.

To meet human rights claims, international actors often try to influence and pressure societies to adopt reforms. In addition, international action to promote minimally just societies can consist of financial and technical assistance. While the international actors that try to promote human rights will typically be states, NGOs, or international bodies, these collective entities rely upon individual contributors. In this sense, claims for international action to promote minimally just societies ultimately correspond, albeit imperfectly, to individual duty-bearers.

### *A society's capacities*

To be minimally just, a society must have certain *capacities*, such that its institutions are capable of performing a set of important basic functions. These state-level functions include, among others, securing the rule of law, maintaining roads and a transportation network, and other public infrastructure and basic public goods (Messner et al., 2015). My standard of *capacity* also includes important basic functions of civil society, such as the maintenance of peaceful relations among diverse groups and the mutual social trust required for economic market relations.

Some of these functions are essential for the satisfaction of an individual's claim for justice, or an individual's claim for respect of her human rights. It is hard to imagine how an individual can enjoy justice or respect for her human rights when her society fails to secure the rule of law. The capacity to deliver basic services is instrumental for satisfying individuals' claims for greater well-being, for justice, or respect for human rights. Aid organizations often declare their intention to 'build capacity' within aid-recipient societies (OECD, 2005), and I suggest that these are ethically important contributions.

### *A society's inclusiveness*

When a society is structured so that all members share in the benefits of the society's use of its capacities and have some voice in its decision-making, then the society meets my standard of *inclusiveness*. Consider a hypothetical society that has generally capable institutions, which includes an infrastructure capable of providing services for the populace's health. Unfortunately, this society's health system fails to provide due consideration for the interests and concerns of people with serious mental health problems. The society has the *capacity* to provide for its members' well-being, but it is not structured to perform its

capacities in a sufficiently inclusive way. While many real-life societies are deficient both in *capacity* and *inclusiveness*, this hypothetical society illustrates that individuals can have specific claims for greater inclusion within an existing institutional scheme.<sup>3</sup>

Individuals' claims for greater inclusion are primarily directed to their fellow citizens, but they also can be directed to international actors. An international advocacy group might pressure a target society to improve its treatment of a marginalized group, in order to meet this group's claims for international action. Alternatively, an international assistance program might provide this group with services that approximate those it would receive within a minimally just society.

When an individual's society has insufficient capacity or inclusiveness, she has a claim to international action. I suggest we could ground this claim using multiple theories of global ethics, albeit most clearly using a Rawlsian theory of global justice. Thomas Pogge, a leading cosmopolitan, has argued that the global order is not only problematic because it causes global poverty, but also because it undermines the prospects for democracy and good governance in developing countries (2003). Peter Singer has stated, in response to criticism that his view overlooks the importance of institutions, that his argument would endorse any effective strategy for alleviating global poverty (2005, pp. 179–181). Methodologically speaking, the standard of a 'minimally just' society has the benefit of being ecumenical across these theories of global ethics.

## **Part 2: Exploitation in the coffee trade**

This section describes trade between a coffee consumer and a Guatemalan coffee farmer. The farmer provides an illustrative example of an individual with an unmet claim for membership in a more capable and inclusive version of his society. I will first explain how the consumer and farmer are engaged in a trade relationship of an indirect sort, then trace the impact of the farmer's unmet claim on his working conditions, and finally argue that the terms of their trade are exploitative.

### ***The indirect agreement to trade***

This section elaborates an account of the two actors' interactions within a global supply chain. I describe an *indirect agreement* between the coffee consumer and the coffee farmer, which explains the circumstances under which a coffee consumer can engage in exploitative trade with the coffee farmer.

A coffee consumer typically buys retail coffee that has been grown, roasted, transported, packaged, marketed, and locally stocked – a multi-stage production process involving the farmer, roaster, transporters, packagers, marketers, and the retail store. The consumer's choice to purchase coffee depends, whether she knows it or not, on a series of prior trades. The farmer would not

grow coffee beans if he did not expect that he could sell them to a roaster, who in turn expects to sell them to retailers, and so on until a store manager expects to sell them to the consumer. All of these actors make their choices conditionally on their predictions of the choices of the other actors. Moreover, each actor's pursuit of his self-interest has a predictable *limiting* impact on the other actors' pursuit of their interests.

An individual consumer can be understood as a participant in trade with a coffee farmer under two conditions: the consumer's price sensitivity has bearing on the quality of a coffee farmer's working conditions, and the consumer enjoys a lower price for her coffee when the coffee farmer's working conditions are worse. The difference between farmers' take-home pay from conventional and fair trade coffee production indicates that the consumer's price-sensitivity indeed does have an impact on farmers' working conditions.<sup>4</sup> In addition, it is well known that consumers pay higher retail prices for fair trade coffee than conventional coffee. Since both conditions hold, the coffee consumer and the coffee farmer are in an indirect agreement to trade.

There are some intermediaries whose decisions and sensitivity to price changes may have an independent impact on farmers' working conditions. Consider a coffee farmer who values having a reliable and long-term contract with a roasting company, the buyers of his coffee beans. The coffee consumer, however, typically purchases coffee at the lowest retail price and this price fluctuates with global markets. In view of the consumer's expected behavior, the roaster offers farmers a contract to sell coffee beans at a given price (representing the farmer's *Working Conditions*). By predictably purchasing coffee at the lowest retail price, the consumer has made an indirect agreement with the farmer that provides him with unfavorable *Working Conditions*. Now consider if the roaster wished to provide farmers with more favorable *Working Conditions*\*. If the roaster must pass the additional costs of providing *Working Conditions*\* onto the consumer, then the roaster is merely an intermediary that facilitates the consumer's trade with the farmer. However, if the roaster can absorb some of the costs from its profit margins and chooses not to do so when this is expensive, then the roaster meets the two conditions for being a participant in trade with the farmer. The roaster's price sensitivity has bearing on the quality of a coffee farmer's working conditions, and the roaster enjoys a lower price (higher profit margins) when the coffee farmer's working conditions are worse. While this paper's argument mainly addresses consumers, it also describes the duties of intermediaries to trade fairly when they are not merely facilitators for others' agreements, but also participants in trade in their own right.<sup>5</sup>

### ***The coffee farmer's claim and its impact***

Many Guatemalans have unmet claims for international action that would promote minimal justice in their society. Guatemala is a society deficient in



inclusiveness, and the effects are evident in its high levels of inequality and the severe poverty of its rural and indigenous populations. Economic inequality and high rates of poverty at least partially attributable to the way Guatemala is organized as a society; see, for instance, Guatemala's low minimum wage rate, which recently has been criticized as inadequate for meeting the costs of living (United Nations Human Rights Office of the High Commissioner, 2015). Some would argue that the low minimum wage level merely reflects the low level of economic development in Guatemala, and thus it fails to show that the society's structure is deficient in inclusiveness. Guatemala's deficits in capacity, as seen in its failures to enforce its own labor legislation, provide a more convincing test of the impact of its domestic institutions on workers.

In response to Guatemala's failure to enforce its own labor laws, the US recently has taken the unprecedented step of bringing a labor rights complaint against Guatemala under the CAFTA-DR. Moreover, according to a recent report, this failure to enforce the law impacts Guatemalan coffee farmers: 'One of the biggest factors that impedes the government's ability to protect coffee sector workers from exploitation is its deficient labor inspections system. Problems facing the Labor Inspectorate include a lack of staff and funding, the fact that inspectors sometimes have to pay for their own gas (which disincentivizes them from visiting remote locations), the inability of inspectors to set fines, and labor inspectors' fear of carrying out inspections in the agricultural sector due to the high level of violence in Guatemala (Verité, 2012, p. 12). This evidence suggests that, were Guatemala to have greater capacity to enforce the rule of law and protect its own labor inspectors against threats of retaliatory violence, coffee farmers would enjoy better treatment from their employers. These improved working conditions could include payment of the legally mandated minimum wage, a working day limited to eight hours and/or overtime pay, receipt of paystubs, and other elements currently found to be lacking for Guatemalan coffee workers (Verité, 2012, p. 18).

Dani Rodrik has argued that democracies' legislation and public policies tend to favorably 'affect the bargaining strength of labor and the value of outside options available to workers and employers' (1999, p. 731). In support of this argument, Rodrik shows a positive correlation between higher scores on democratic governance indicators and higher wages. Rodrik uses Freedom House's 1-7 ratings of civil liberties and political liberties and Polity III's ratings of the competitiveness and openness of the political process (as well as the restraints on the executive branch) as his democratic governance indicators. These indicators provide ratings on a continuous scale of the openness of the political process, as well as the society's protection of civil liberties, for both democracies and non-democracies. I submit that these indicators provide a partial rating of a society's 'capacity' and its 'inclusiveness.' Rodrik's findings thus provide support to the following hypothesis: if Guatemala were minimally just, we could expect more favorable legislation and public policies to structure the domestic labor market so as to better favor the bargaining position of workers.<sup>6</sup>

To model this relationship, I designate *Working Conditions* to describe the terms of the farmer's work. These terms include the price he receives for his beans and his employer's adherence to labor standards, which will be treated together as a single composite measure of the quality of his terms of work. *Working Conditions\** are the terms the farmer would have chosen in his counterfactual bargaining position. I have argued that *Working Conditions\** are likely to be better than *Working Conditions*, due to the farmer's more favorable bargaining position in the counterfactual. While I cannot specify *Working Conditions\** in detail here, a useful point of reference is the working conditions for coffee farmers who live in societies that already approximate a 'minimally just society,' such as Costa Rica. I will describe Costa Rica's legislation to regulate the coffee industry in the final section of the paper. So far, I have argued that the Guatemalan coffee farmer's unmet claim to enjoy membership in a minimally just society is likely to have an unfavorable impact on his working conditions.

### ***Why the trading relationship has unfair terms***

Trade occurs when two participants agree to exchange goods and services on terms that each participant views as beneficial for himself. Trade has ethical value when it reflects and manifests these individuals' free choices to promote their mutual interests. When there are wrongful constraints upon one participant's free choice and no wrongful constraints upon the other's, this can impact the terms of trade. My 'market-based standard of fairness' references counterfactual terms of trade that both parties would have agreed to accept under different background conditions. Exploitation occurs when the actual terms of trade are less favorable to one party than in the counterfactual where that party already enjoyed the satisfaction of her claims.

To illustrate the significance of an unmet claim as a constraint on a person's free choice, consider an example of a trade in a domestic context. Alan offers to hire Sally for a low salary and Sally, viewing it as her best job offer, chooses to accept. Perhaps Sally can only satisfy her occupational preference by accepting a job with Alan and, due to this constraint, she accepts Alan's low salary. I submit that Sally's occupational preference is ethically neutral or, at the very least, not the sort of thing that other people have duties to change. When Sally accepts Alan's offer, their trade simply reflects their free choices, bounded by constraints that are themselves ethically unproblematic. An argument that Sally's low salary is 'unfair' will only succeed, I suggest, if Sally has an unmet claim for someone to remove the constraints upon her free choice.

For an instance of such a constraint, consider if all employers in the labor market informally excluded Sally from opportunities to perform 'men's work.' I submit that Sally has a claim for her fellow citizens to remove this constraint, because pervasive discrimination in the labor market undermines the inclusiveness of their society. When Sally has an unmet claim and Alan does not, it is

appropriate to ask if trade on Alan's proposed terms would be unfairly exploitative. We might reason that, in a counterfactual in which she had not experienced exclusion from opportunities to perform 'men's work,' Alan would have agreed to hire Sally for a higher salary. To show that Alan would have agreed to a higher salary, we need to reference the prices in a counterfactual labor market that does not arbitrarily exclude women from opportunities. In constructing this counterfactual, it is important to change only individuals' unmet claims and consider all the plausibly unrelated conditions of the actual market as fixed points, including Alan's company and Sally's occupational preferences. Starting from the fact that Sally has an unmet claim (alongside other women), we can construct a counterfactual market in which employers do not arbitrarily exclude women from opportunities.<sup>7</sup>

It is illuminating to compare my market-based standard to two distinct kinds of exploitation theories from which my argument has drawn inspiration. The first is Alan Wertheimer's view that equilibrium prices in a perfectly competitive market are non-exploitative, because at this price neither party takes 'unfair advantage' of the other (1996, p. 232). I agree with Wertheimer that exploitation only occurs when a participant actually receives unfavorable terms of trade, not whenever background conditions make her vulnerable to such treatment (Wertheimer, 1996, pp. 298–299). I endorse Wertheimer's view that fair terms of trade are the prices participants would accept within a hypothetical market, but I do not view a perfectly competitive market as the correct hypothetical. When there is a perfectly competitive market for a good or service, the terms of trade are exactly the same for all participants, and on Wertheimer's view this means that no party takes 'special' unfair advantage of any other party (Wertheimer, 1996, pp. 230–236). In my view, a more appealing ideal is a counterfactual market that is closely modeled on both parties' actual bargaining conditions, except for the fact that neither party has an unmet claim for membership in a minimally just society. The prices within this counterfactual market are fair because the participants freely accept their terms of trade, not because the prices are the same for all parties.<sup>8</sup>

For a second group of theorists, exploitation can only occur if a distinctive moral wrong is present in the background conditions of trade. On Ruth Sample's theory of exploitation, a person must be vulnerable, due to her unmet basic needs or her experience of injustice, in order for trade to degrade her (2003, pp. 74–75). Steiner (1984) argues that exploitation can only occur when a person has suffered a rights-violation. Exploitation occurs when this rights-violation has knock-on effects upon a subsequent trade, although neither the rights-violator nor the person who suffers the rights-violation must be participants in this trade (Steiner, 1984, pp. 232–233). I agree with the general position, taken by both Sample and Steiner in their respective arguments, that exploitation can only occur when someone has been non-compliant with moral requirements. My own view is that non-compliance poses constraints on participants' freedom to trade, which makes it possible for their trades to be unfair.

In my view, the enabling conditions for exploitation to occur are present when a participant in trade has an unmet claim to enjoy membership in a minimally just society, and it actually occurs when the participant's unmet claim has an unfavorable impact on her terms of trade. By contrast, Sample's theory includes cases in which a person's vulnerability does not produce worse terms of trade. For instance, a person with neglected basic needs could require *more* favorable terms of trade than he would otherwise, so that he is not exploited (Sample, 2003, pp. 73–75). Thus, Sample collapses two responsibilities that in my view are best kept separate: the general responsibility to meet foreigners' claims and the specific responsibility to trade fairly. For Steiner, the exploited party is not necessarily the same person whose rights have been violated, but simply a person whose trade has been influenced by the violation. By contrast, my market-based standard requires us to begin with a person with an unmet claim and then evaluate, through construction of a counterfactual market, whether this same person actually suffers from exploitation in his trades.

To follow this procedure with our coffee farmer, we begin with the fact that the coffee farmer has an unmet claim. Under different background conditions, the coffee farmer would enjoy the benefits of membership in a minimally just society. Under those conditions, he would have the freedom to trade his coffee at the market prices in this counterfactual, *Working Conditions\**. In his actual circumstances, however, the coffee farmer remains wrongfully constrained in his choices. Due to this wrongful constraint, the coffee farmer accepts the market price for coffee that prevails in his actual circumstances. This market price, which we have called *Working Conditions*, represents less favorable terms of trade for the coffee farmer. These terms are more favorable to the coffee consumer, and she accepts them freely. In sum, the counterfactual market price, *Working Conditions\**, is fair to the coffee farmer. The actual market price, *Working Conditions*, is unfair because it reflects and manifests wrongful constraints upon his freedom.

### **Part 3: The coffee consumer's duties and responsibilities**

This section explains the normative significance of the preceding argument, specifically how it addresses the coffee consumer. I will describe a coffee consumer's duty to foreigners in general, her responsibilities to her trading partners in particular, and how these relate to one another.

#### ***An individual's duty to foreigners and others' non-fulfillment of their duties***

I have argued that, on several different theories of global ethics, foreigners have claims to international action to improve the capacities and inclusiveness of their societies. If an individual has a responsibility to assist foreigners in general, a foreigner's claim to enjoy membership in a minimally just society should fall within the scope of his concern. Here I will argue that many

individuals in relatively wealthy, liberal societies are not adequately fulfilling their duties to meet foreigners' claims in general. As a result of this widespread dereliction of duty, there are many unmet claims for international action, including but not limited to action promoting institutional reforms to societies. In this section, I describe the fact of dereliction and suggest that this fact is relevant for specifying what any particular individual is required to do in order to fulfill her duties to help far-away foreigners.

For the moment, set aside my argument that foreigners have a claim to international action that aims at institutional reforms to their societies. Consider instead the less controversial view that foreigners have claims to receive emergency relief from natural disasters, as well as claims for assistance after experiencing displacement caused by violence and persecution. In 2015, the UN consolidated appeals process estimated 89 million people in need of assistance from natural disasters, 65 million displaced persons, and an overall funding shortfall of 45% (Global Humanitarian Assistance, 2016, pp. 6–7). It is apparent that many individuals are not fulfilling their duties, either through private philanthropy or the contributions of their governments. What are the duties of any individual to the millions in need of emergency assistance?

Consider the example of Paul Farmer, an individual who has made exceptionally large contributions to foreigners' well-being. Dr. Farmer is a physician and scholar who has worked to improve access to health services for very poor people through his research and fundraising, direct provision of health services, efforts to build clinics in poor areas, and public advocacy (Farmer, 2003). Even after doing all this, however, presumably it is still feasible for Dr. Farmer to donate additional money for emergency relief. I think it is a very common intuitive judgment that Dr. Farmer lacks a duty to donate to this specific cause. It would be supererogatory for him to perform this specific action, in addition to what he already does to improve health services for very poor people. The example indicates the very general point that there is the need for a limit on each individual's duty to foreigners. I believe that Dr. Farmer is not obligated to donate to emergency relief given how many capable duty-bearers have not contributed anything. Dr. Farmer has already contributed far more than others, and many more people have not made their contributions to meeting foreigners' claims for international action.

Many other persons are derelict duty-bearers, and I suggest that this fact has two distinct implications for Dr. Farmer and how he should fulfill his own duties to assist foreigners. On the one hand, it is difficult for Dr. Farmer to calculate the precise amount he should contribute. Since he lacks detailed knowledge of other people's contributions and capacities, he can make merely a vague estimate of how much he is personally required to do. For a person who might wish to do his duty and make no further contributions, this vagueness could be a burden. On the other hand, the dereliction of other duty-bearers has a more positive implication: Dr. Farmer has greater latitude to choose how he makes his contribution to meeting foreigners' claims. If Dr. Farmer prefers to

meet some claims rather than others, then, as long as he still capably fulfills his own duty, I suggest that he has some latitude to follow his preferences.

I have argued that each individual's duty to take action is limited, and the limit for each person should be specified by reference to the potential contributions of other duty-bearers. My arguments fall into the broad category of 'fair share' views, which state that individuals are not required to fully 'pick up the slack' when others are derelict of their own duties (Miller, 2011; Murphy, 2003). Fair share views have been criticized for making insufficient demands on compliant duty-bearers when claimants are in great need (Singer, 2009, pp. 144–146). I cannot defend the 'fair share' view here; however, this is also not necessary for the paper's purposes, as there are alternative ways to specify the limits of each individual's duties that are also compatible with this section's most important point. The point is that Dr. Farmer is not required to make his contributions in any specific way (as long as his way is reasonably effective), or to direct his contributions to any particular foreigners (as long as he chooses foreigners with unmet claims).

In sum, an individual has latitude to choose how she makes her contribution to international action on behalf of foreigners in general. If she has not made this contribution, however, she shares responsibility with other derelict duty-bearers for the persistence of many foreigners' unmet claims.

### ***Responsibility for facilitating the occurrence of exploitation***

I have argued many foreigners have unmet claims to enjoy the benefits of membership in minimally just societies, and that this makes it possible for trade to be exploitative. When an individual is derelict of his duty to make a fair share contribution to help meet foreigners' claims in general, this individual is subject to moral criticism for two reasons. First, he has failed to meet foreigners' valid claims for action, a failure in his responsibility to assist others. Second, he is morally responsible for the persistence of conditions under which it is possible that foreigners will be exploited in trade. It is not necessarily wrong to create (or fail to reform) conditions in which it is possible for a wrongful act to occur, since it may be easy for others to avoid wrongdoing. However, when conditions are such that others face substantial difficulties in avoiding exploitative trade, an individual who has responsibility for these conditions has some responsibility for exploitation as well.

To illustrate this point, consider an individual who does not drink coffee or purchase it for anyone else, and who has not contributed anything to help meet foreigners' claims. We can call this person the 'tea drinker.' The tea drinker shares moral responsibility for the fact that many foreigners, including the Guatemalan coffee farmer, have unmet claims for international action. Along with many other derelict duty-bearers, the tea drinker shares moral responsibility for the conditions that enable exploitation in trade. Therefore, even though the tea drinker purchases no coffee himself, the tea drinker shares some

responsibility for the exploitative character of the Guatemalan coffee trade. The tea drinker and other derelict duty-bearers share responsibility with people, i.e. coffee drinkers, who personally engage in exploitative trade in coffee.

The tea drinker, of course, is not the decisive cause of the fact that the coffee farmer's claim remains unmet. An ordinary individual's powers are far too limited to bring about major institutional reforms in Guatemala, or in any other country. If the tea drinker *had* acted on his duty to foreigners, moreover, he might have directed his efforts to meeting other claims that fall within the scope of his responsibilities to assist others. As his 'fair share' contribution, the tea drinker might have donated to an NGO that reduces malnutrition among subsistence farmers in Bangladesh. This donation would not meet any foreigners' claim to enjoy the benefits of membership in a minimally just society, nor would it have any bearing upon exploitative trade in Guatemala, Bangladesh, or elsewhere. Thus it is not due to any causal impact on the Guatemalan coffee trade that the tea drinker's action has moral significance. The tea drinker's donation is significant insofar as it fulfills his 'fair share' contribution to meeting foreigners' claims in general, thereby eliminating his own responsibility for exploitative trade.

### ***Responsibility for participating in exploitative trade***

In this section, I describe a person's responsibility for participating in exploitative trade, and how this is distinct from the responsibility for enabling its occurrence. To do so, I consider an individual who is personally engaged in exploitative trade, but who is not responsible for enabling the general occurrence of exploitation in trade.

Consider again the example of Dr. Farmer. Since he has made his 'fair share' contribution, he is not responsible for the fact that some foreigners have unmet claims to enjoy membership in minimally just societies and therefore he is not responsible for the persistence of conditions under which exploitation may occur. Now let's imagine Dr. Farmer makes a coffee purchase. The coffee farmers who grow the beans do not enjoy membership in minimally just societies and, as a result, Dr. Farmer receives more favorable terms of trade. Thus, Dr. Farmer personally engages in an exploitative trade. He bears some moral responsibility for his personal engagement, insofar as he freely chooses to trade on terms that manifest deficiencies in the freedom of the other participants. However, responsibility for this exploitative trade is shared between Dr. Farmer and those who enable the occurrence of exploitative trade.

There may be excusing conditions for Dr. Farmer's participation in exploitative trade, in virtue of the fact that his choices to trade on exploitative terms are highly constrained. Constraints upon his knowledge and upon his ability to act otherwise, due to limited fair trade retail options, are not themselves the objects of his responsibility. Indeed, the non-compliance of *other*

individuals with their own responsibilities can explain conditions of epistemic opacity and limited options to trade fairly.

I offer these rough guidelines for individuals' action, taking into account that widespread non-compliance can limit their knowledge and scope of feasible options. First, when individuals know that they have options to make purchases that are non-exploitative trades, they should take these options rather than engaging in exploitative trades. Second, when individuals have reason to believe that one option is significantly more likely to have unfair terms, they should choose one of their other options. These two guidelines follow from a common principle that individuals should avoid exploitation and its likelihood to the best of their knowledge. Third, when the only options are likely to have substantially unfair terms, and the foregone benefits of trade for foreigners are large, individuals should consider their capacity to offer compensatory targeting of assistance to the persons who would suffer from the loss of exploitative trade (a possibility I describe more fully in the next section).

#### **Part 4: Defending the argument and its assumptions**

Here I describe four challenges to the paper's argument, and I offer responses defending its theory of exploitation, its empirical basis, and its guidelines for individuals faced with conflict between their two responsibilities.

##### ***Challenge 1: The premise of a responsibility to assist***

This paper's theory of exploitation is distinctive in its reliance on the premise that individuals have a responsibility to assist others, including assistance to help others enjoy membership in minimally just societies. In comparison to other theories of exploitation, the premise of this paper's argument may seem excessively controversial. Vulnerability theories of exploitation provide a point of sharp contrast. On these theories of exploitation, a coffee farmer can be exploited in global trade, due to the farmer's condition of vulnerability. The premise that the farmer is vulnerable seems much easier to accept, since it is a descriptive evaluation of the farmer's condition, rather than an ethical view that the farmer has claims on others to help improve his condition. The advantage of the vulnerability theorist's approach is that it can address an audience who deny that there is a responsibility to assist others, and make the case to them that it is wrong to exploit a person in a state of vulnerability.

In my view, the evaluation that a person is vulnerable is not so easily separated from an ethical stance about the claims he can make on others, and this is especially true for cases of global trade. Cases of global trade, when raised as potential instances of exploitation, most frequently include individuals suffering from poverty or a lack of human rights protections. While it seems uncontroversial that an individual is vulnerable when he is poor or lacks secure enjoyment of his human rights, the intuitive *wrongness* of exploiting an



individual who experiences these conditions is at least partially attributable to the fact that, for many people, these conditions also activate ethical concern. Unless the vulnerability theorist clearly denies that a person suffering from poverty or a lack of human rights protections is owed ethical concern, the common intuition will persist and may play an implicit role in the vulnerability theorist's argument.<sup>9</sup> By contrast, this paper makes explicit use of the common intuition with its premise that there is a primary responsibility to assist others who do not live in minimally just societies. The explicit acknowledgment of this premise avoids confusion. While this paper's argument cannot hope to convince an audience who denies there is a responsibility to assist others, the premise allows the argument to do the work of distinguishing between the primary wrong suffered by persons with unmet claims, and the secondary wrong of exploitation experienced by a subset of the first group.

### ***Challenge 2: The impact of minimal justice on wages***

On this paper's argument, a Guatemalan coffee farmer is exploited in trade because he would enjoy better wages and working conditions if his society were minimally just. Guatemala is a society that is deficient in capacity and inclusiveness, and its coffee farmers suffer from ineffective enforcement of labor laws and low minimum wages. Here, I provide further evidentiary support for the paper's counterfactual claim that the farmer would be better off in a minimally just society. I present Costa Rica as a case of a society that approximates minimal justice, and explain how its domestic legislation helps to increase Costa Rican farmers' share of global market price of coffee. By demonstrating that coffee farmers are better off in a society that approximates minimal justice, I provide support for the proposition that Guatemalan coffee farmers would be better off in a minimally just version of their own society.

Compared with other countries in Central America, Costa Rica is notable for its high rates of public spending and high degree of economic equality. Costa Rica has unusually high minimum wage levels, and these have been shown to have a positive effect on the actual wages received by its workers (Gindling & Terrell, 2005). Costa Rica engages in extensive regulation of the coffee industry, particularly to ensure that domestic processing mills do not take an excessively high share of coffee revenues at the farmers' expense. Law 2762 in Costa Rica empowers the Instituto del Café de Costa Rica (ICAFE), a research institute, to determine the price domestic mills can charge for their services. ICAFE ensures Costa Rican farmers receive the global market price for coffee beans, minus a fixed cost for domestic processing, and this system has been shown to be effective in limiting the mills' earnings to 'strictly normal economic profit' (Ronchi, 2006, pp. 21, 22).

Costa Rica provides a clear case of a society's use of domestic legislation to improve conditions for coffee farmers. In my view, Costa Rica's regulation of the coffee industry reflects the values of an inclusive society. The aim of

regulation is not merely to meet the farmers' basic needs, which might have been accomplished through a guarantee of a minimal price for their labor. Instead, Costa Rican farmers are provided with the balance of the global market price for coffee, after ICAFE subtracts a fixed processing cost for the mills. This safeguards farmers' relative *share* of the value of domestic coffee production, and in my view this reflects Costa Rica's inclusion of farmers and their interests in its distributional scheme. Moreover, this domestic regulation to improve inclusiveness is compatible with participation in globally competitive markets: farmers enjoy higher prices for their beans, while Costa Rica follows the price for coffee as set in the global market.

The case also highlights the range of groups and non-state actors that can help a society achieve good levels of capacity and inclusiveness, and therefore provide fair terms of trade for its workers. ICAFE, a domestic research institute, provides crucial information and technical support to extend the state's regulatory capacity over the coffee industry. In other societies, labor unions may pressure the state to maintain its inclusiveness and its regulatory capacities. In Guatemala, however, the labor union movement is very weak, due in part to the high murder rate for the leaders of labor unions (Verité, 2012, p. 39). The state must be willing and able to cooperate with non-state actors, as in the case of ICAFE in Costa Rica, or to provide minimal forms of support, such as protection against retaliatory violence for labor unionists in the case of Guatemala. While a variety of non-state groups can provide assistance given adequate cooperation and support, capable and inclusive public institutions are the fundamental requirements of a minimally just society.

### ***Challenge 3: The extent of conflict between the two responsibilities***

I will argue here that several common concerns about fair trade are based upon questionable empirical assumptions. Thus, cases of conflict between individuals' responsibilities to assist and their responsibilities to avoid exploitation arise less frequently and are less difficult to manage than is often believed.

One concern is that encouraging consumers to purchase fair trade could cause trade diversion from poor countries. A primary aim of fair trade is to provide workers with a 'premium' above market rates, not to relocate production to societies with higher labor costs. However, it may be hypothesized that fair trade purchases will tend to shift production to middle-income countries, where it may be easier to meet standards for fair trade certification. Economists generally argue that trade with poor countries is essential for poverty reduction in the long run. Agricultural exports from poor countries are particularly important for alleviating poverty, because agricultural production employs low skilled workers in rural areas (Winters, McCullouch, & McKay, 2004, p. 100). If fair trade shifts coffee production to middle-income countries, this may reduce trade's contribution to poverty alleviation, particularly by reducing its potential to increase employment among low-skilled agricultural workers.

However, one study found no statistically significant differences between coffee producing countries that exported to TransFair USA in 2005–2007 and those that did not, either in the countries' real GDP per capita or in the income share of the poorest 20% of the populations (Stoddart, 2011, p. 133). This indicates the fair trade industry is neither more nor less likely than the conventional coffee industry to purchase beans from poor countries. While middle-income countries are not presently over-represented in the fair trade industry, it could be further objected that consumers may preferentially select products from middle-income countries as a strategy to avoid exploitative trade. I suspect that preferentially selecting products from middle-income countries is unlikely to be an effective strategy for avoiding exploitative trade, although I am unable to evaluate its effectiveness here.<sup>10</sup> Instead, I will question the view that trade diversion to middle-income countries reduces the coffee trade's potential to alleviate poverty. One reason to question this view is the relatively new fact that a majority of the global poor are now living in middle-income countries (Sumner, 2012). Furthermore, Smith (2009, p. 30) notes that critics of fair trade have highlighted the industry's presence in Mexico, a relatively developed country, but overlooked severe poverty among coffee farmers in Mexico's region of Chiapas. Since there is no scarcity of poor farmers in middle-income countries, and poor coffee farmers generally stand to benefit from increased employment, it is not clear that shifting coffee production from poor to middle-income countries would have a significant effect on coffee farmers' poverty.

Another common concern is that fair trade industries undermine efforts to alleviate global poverty, because they misalign incentives for poor countries' economic development (Kurjanska & Risse, 2008, pp. 45–49). Kurjanska and Risse argue that fair trade industries improve the attractiveness of economic activity at the bottom of the global value chain, specifically agricultural production, and thereby discourage more productive investments. However, the objection fails to take account of the non-ideal conditions of poor economies, specifically low-skilled workers' high rates of unemployment. Given high unemployment, fair trade industries are unlikely to absorb workers who would otherwise seek out opportunities in a 'new, more profitable, less volatile sector' (Kurjanska & Risse, 2008, p. 46). Thus, the argument that fair trade coffee distorts incentives is undermined by its idealizing assumption that coffee producing societies already have full employment economies (Hayes, 2008, p. 2959). As poor societies develop their economies and transition to more ideal circumstances, fair trade industries might become inappropriate at the same time that they become unnecessary.

A final concern has to do with moral psychology, namely, whether individuals who purchase fair trade will do less to fulfill their responsibilities to aid others. However, survey evidence indicates that consumers who purchase fair trade goods view them as complementary to their participation in other ethical activities, such as donations to charity (Langen, 2011). In addition,

Kathryn Wheeler's studies of fair trade supporters and consumerism in the UK, USA, and Sweden illustrates that there are multiple coexisting modes of engagement with fair trade organizations. Fair trade provides opportunities for some people to become engaged supporters of fair trade organizations' political activism, thereby enabling them to fulfill their first-order responsibilities to contribute toward transitioning to a better world. For fair trade consumers who are not politically active in fair trade organizations, their purchases do not seem to induce a false sense of satisfaction that they have already made adequate contributions to their first-order responsibilities:

When asked about fair-trade, the majority of non-fair-trade supporters could recognize the moral value of trying to help producers receive a fair price for their crop; they were, however, often quite critical of the suggestion that consuming fair-trade was the only way to be a responsible citizen and skeptical that changing their individual consumer habits would have much impact upon poverty in the developing world. (2012, pp. 9–10)

#### ***Challenge 4: The problem of limited options***

This paper has argued that consumers should choose fair trade coffee over conventional brands, because consumers are more likely to avoid personal engagement in exploitative trade when they purchase fair trade coffee. However, since the empirical evidence is not conclusive, the options currently provided by the fair trade industry are not assured to represent fair terms of trade. In view of this limitation, consumers might adopt a policy of avoiding trade with members of societies that are not minimally just. If members of relatively wealthy, liberal societies adopt a policy of avoiding trade with unjust societies, many mutually beneficial trades will be foregone, including many trades that would not have been exploitative. The attitude adopted toward moral risk, a topic that cannot be addressed in this paper, is important for evaluating the policy of complete avoidance of potentially exploitative trades. Setting aside the attitude toward moral risk, it may be objected that the paper's argument provides a reason in favor of adopting the policy of avoidance, because the policy would eliminate exploitative trades.

The value of avoiding exploitation must be weighed against the substantial losses of trade for members of unjust societies. The loss of trade for members of unjust societies is ethically significant insofar as it sets back efforts to alleviate their poverty. The paper's argument can take account of the ethical importance of poverty alleviation, because a duty to alleviate poverty can be derived from the responsibility to assist foreigners in general. The avoidance policy puts the responsibility to avoid exploitation into conflict with the responsibility to assist, so it is worth noting how the paper's argument views the two responsibilities as distinctive. On this paper's theory of exploitation, it is unfair to trade on unfavorable terms that the other participant agrees to accept because she has an unmet claim to enjoy membership in a minimally just society. This theory of

exploitation depends on the premise that there is a responsibility to assist, which explains why foreigners' claims are a matter of ethical concern. However, the wrongness of exploitation does not derive solely from the failure to assist foreigners with their claims, but also from a deficiency in the respect participants in trade owe one another for their freedom to trade. A participant in an exploitative trade fails to respect the other participant, whose unmet claim diminishes the freedom she ought to have when agreeing to the terms of their trade. Since the responsibility to trade fairly is not reducible to the responsibility to meet foreigners' claims, the paper's argument recognizes the value in fair trades that are mutually respectful of the participants' freedom to trade and the distinct value in trades that promote the aim of poverty alleviation.

To evaluate the relative weights of these values at stake in the avoidance policy, it is important to take note of its implications for different groups. Employment is a good that is particularly valuable for workers who are poor, because it directly addresses their condition of economic need. All else being equal, the poorest workers are the group that will benefit the most from employment. If an individual makes his trading decisions a site of action for poverty alleviation, his optimal strategy is to seek out trades with the poorest workers to direct employment opportunities to them. If this same individual has the additional aim of avoiding any risk of personal engagement in exploitation, his modified strategy is to seek out trade with the poorest workers who live in minimally just societies and to avoid trade with workers in unjust societies. As a result of this modification, the poorest workers who live in minimally just societies will have more employment and the poorest workers who live in unjust societies will have less.

Reasoning through this modification in strategy has shown that a justification is potentially owed to the group of the poorest workers who live in unjust societies, in case this paper's argument for fair trade has a tendency to reduce employment for this group and thereby increase its poverty. An increase in this group's poverty constitutes a setback to efforts to meet their claims for assistance, and thus it would be appropriate to give priority to this group when acting on the responsibility to assist. Monetary aid and direct service provision are some of the many possible ways to act on the responsibility to assist foreigners, and in these priority can be given to the poorest workers in unjust societies above the poorest in minimally just societies. In case it is true that efforts to trade on fair terms will have the tendency to divert trade to minimally just societies, this paper's argument supports the following guidelines: choose fair trades over exploitative trades and, when acting on the responsibility to assist, give priority to the poorest workers in unjust societies.

## **Conclusion**

My argument has offered normative guidance to individuals as they make choices about how to act upon their duties to foreigners in general, and how to

act upon their responsibilities to the particular foreigners with whom they trade. The argument is meant to address a broad set of readers, who may hold divergent views about the extent of individuals' duties to foreigners in general. Some readers will view individuals' duties to foreigners as relatively weak. When these readers consider 'international action' to help foreigners, they might envision small financial transfers or liberalizing reforms to the migration and trade regimes. Their reading of my argument will indicate that most trades have fair terms, and that individuals have limited responsibilities for enabling the conditions of exploitative trade. Other readers will believe that there are severe problems with the institutions of the global order and that individuals have strong duties to promote reform. Their reading of my argument will indicate that many trades are unfair, and that individuals have significant responsibilities for enabling the conditions of exploitative trade. This paper has not intended to resolve disagreements about the severity of global problems and the allocation of first-order responsibilities for addressing them. Instead, the aim has been to provide a general framework for understanding how participants in trade should trade fairly while global problems persist.

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### **Notes**

1. Jeremy Weber calculates an average premium of 12.8 cents per pound for fair trade organic growers in southern Mexico (2011).
2. Fairness in trade as an element of corporate social responsibility also falls within the scope of the argument but, unfortunately, I cannot discuss corporations fully here. See this paper's discussion of domestic businesses in Costa Rica as (surmountable) obstacles to farmers' enjoyment of fair terms of trade.
3. A society is inclusive when it is structured for the benefit of all its members, even if some members have unsatisfied needs. Health provision is a useful example for showing this difference: even while enjoying the benefits of a fully capable and inclusive health system, inevitably some people will remain unhealthy.
4. See note 1.
5. When the consumer and the roaster are both participants in trade with the farmer, each trading relationship has its own separate impact on the farmers' working conditions. While I cannot do so in this paper, one could compare the relative significance of (1) the consumer's indirect agreement with the farmer and (2) the

roaster's direct trading relationship with the farmer, for determining the farmer's working conditions.

6. Amartya Sen's well-known finding that there have been no famines in democracies also supports a relationship between the inclusiveness of the political process and a society's protections for its poor (1999, pp. 182–188).
7. See Goff (2016) on the ideal of a labor market in which employers do not discriminate against female job seekers. Employers discriminate in the sense that they make similar errors in judgment about women's qualifications, and these errors can be expected to constrain women's opportunities.
8. To identify fair terms of trade for imperfectly competitive markets, it is necessary to model the influence of one party's unmet claim on prices. This is a less reliable modeling exercise than in cases of perfectly competitive markets, but it is nevertheless possible to produce a range of possible values.
9. Vulnerability theorists are unlikely to wish to deny this. Ruth Sample (2003) views vulnerability as a condition for global exploitation. She defines vulnerability descriptively, in terms of basic needs, and in terms of a person's experience of injustice. Robert Goodin (1987) has a descriptive account of a person's vulnerability to exploitation; however, he also argues for a duty to protect the vulnerable.
10. In future work I intend to assess whether there is a correlation between a society's economic development and whether it is minimally just.

### Notes on contributor

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