

Fairness in the Real World:

Traditional Politics and New Forms of Private Politics

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Conference Question

Is fairer trade compatible with freer markets?

The key may be the new private politics

Defining Fairness

Fair = ? (essentially contested)

Distribution within/between nations

Traditional Politics & Fairness

Theory:

→ freer trade can be Pareto improving

Practice:

→ results are mixed

Traditional Politics & Fairness

Politics and special interests

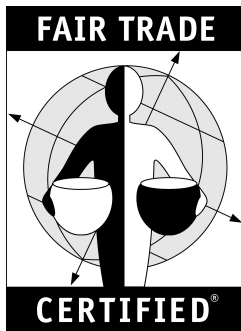
- partial liberalization
- limited compensation

Traditional Politics & Fairness

Politics and perceptions of fairness

- producers and “fair” competition
- voters and their attitudes toward trade

The New Private Politics



Ethical consumers and voluntary certification

Fairness & Voluntary Standards

Minimal acceptable standards

e.g. no slave labor

no (worst forms of) child labor

free association

Distribute more income gains to the poorest

Core Questions

How strong is consumer demand?

What is the impact for poor producers?

Consumer Demand

Consumers say they will pay for standards

Strong growth in sales of certified products

Methodology

Partner with firm to conduct **clinical trials**

Measure response from consumers:

→ sales, price premium

Examples: Older



Ethical label: sales rose 12%



Fair Trade label: 24% premium

Examples: New

Major grocery
chain

Fair Trade label: sales rose 10%

Major apparel
brand

Eco label: sales rose 7%

Thank you

Reference Slides...