Fairness in the Real World:
Traditional Politics and New Forms of Private Politics

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The Elliott School of International Affairs, GWU
March 4-5, 2010
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…