

GLOBALIZATION IN A WORLD OF EQUALS: A
NORMATIVE ANALYSIS OF TRADE-RELATED
INEQUALITIES

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*“Instead, I shall argue, the difference between misfortune and injustice frequently involves our willingness and our capacity to act or not to act on behalf of the victims, to blame or to absolve, to help, mitigate, and compensate, or to just turn away.” Judith N. Shklar, *The Faces of Injustice*, pg. 2.*

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Acknowledgements

First of all, I would like to make a clarificatory statement, this thesis is not the product of an author, but the fruit of many people with very different profiles that in one way or another, consciously or unconsciously, have influenced this work. This process makes the present dissertation rather a collective achievement than an individual task.

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ABSTRACT

International trade generates inequalities pervasively impacting citizens and the ability of domestic and international institutions to provide the conditions to promote equal treatment among their subjects. This thesis argues that a relational perspective enables us to capture concerns with trade-related inequalities that go beyond the distributional accounts of the gains from trade. The thesis addresses this topic through three different parts. Part One, formed by chapters One and Two, describes the main economic models, empirical examples, and the values and theories governing the trade regime. Part Two, covering from Chapter Three to Five, examines the main normative responses to the socioeconomic challenges posed by international trade. It focuses on distributive and relational accounts and argues that unequal distributive outcomes condition relational equality. Part three, involving chapter Six and Seven, concludes that unfair equality of opportunity erodes the institutional capacity to maintain the conditions of democratic liberty and equality.

RESUMEN

El comercio internacional genera desigualdades que afectan a los ciudadanos y la capacidad de las instituciones nacionales e internacionales para proporcionar las condiciones necesarias para promover la igualdad de trato entre sus agentes. Esta tesis defiende que una perspectiva relacional permite captar las objeciones morales a las desigualdades comerciales más allá de las distribuciones de las ganancias comerciales. La tesis aborda este tema en tres partes. La primera, formada por los capítulos Uno y Dos, describe los principales modelos económicos, ejemplos empíricos, y los valores y teorías que rigen el régimen comercial. La segunda, que abarca del Tres a Cinco, examina las principales respuestas normativas a los desafíos socioeconómicos del comercio internacional. Desarrolla las perspectivas distributivas y relacionales y argumenta que los resultados distributivos desiguales condicionan la igualdad relacional. La tercera, que incluye el Seis y Siete, concluye que una igualdad de oportunidades injusta erosiona la capacidad institucional para mantener las condiciones de libertad democrática e igualdad.

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INTRODUCTION

On the 24th of April 2013, the Rana Plaza, an eight-story commercial building, collapsed. It was sometime before nine in the morning and the building was not empty, there were workers inside. According to various sources,¹ the day before deep cracks appeared in the building's walls. The morning of the collapse, some workers were outside begging not to work inside the building. As a result, 1,134 workers died, more than 2,500 were injured, there were 17 days of search and rescue, and more than 2,438 people were evacuated. According to some of the survivors' stories, still today, some of the workers are facing nightmares and are strongly reluctant to work in garment factories again. The Rana Plaza was located in Savar, at the outskirts of Dhaka, the capital of Bangladesh.

Unfortunately, this type of buildings and working conditions are not a unique characteristic of the Rana Plaza. Workers in Bangladesh, jointly with other main capitals in Asia, develop their activity in harsh conditions, many of them threatened by the prospect of not complaining due to fear of losing their jobs. Consequently, accidents alike had happened before. More strikingly, the Rana Plaza disaster was not the last accident either. According to an article published by the International Labour Organisation (ILO) in 2018, since the date of the disaster 109 accidents with similar structural characteristics have happened.² One common characteristic of 35 of the 109 accidents is that all of them were textile factories where a total of 491 workers died and more than 27 were injured.

The Rana Plaza catastrophe was not unique, however, due to its magnitude and mediatic impact (at least two of the bigger retailing brands, H&M and Inditex, were the companies working with subcontractors employing the Rana Plaza workers) it set a precedent. Few months after the disaster, in September 2013, more than 200 international stakeholders from different NGOs, representatives from the Bangladesh

¹ See: <https://thediplomat.com/2021/05/8-years-after-rana-plaza-disaster-activists-fear-bangladeshs-garment-workers-are-in-danger-again/> <https://www.hrw.org/news/2018/04/24/remember-rana-plaza> See the survivors stories: <https://www.fashionrevolution.org/rana-plaza-the-survivors-stories/>

² https://www.ilo.org/global/topics/geip/WCMS_614394/lang--en/index.htm See the web of the Rana Plaza Agreement: <https://ranaplaza-arrangement.org/about>

government, Bangladesh trade unions, and multinationals, including fashion brands involved in the Rana Plaza fire, were gathered to sign what was called *The Rana Plaza Agreement*. The agreement was signed under the auspices of the ILO, in Geneva, acting as an allegedly neutral chair. This agreement meant a turning point, a ground-breaking novelty for textile workers in Bangladesh, in general, and for the survivors, in particular. Rana Plaza workers were compensated with a total amount of 30\$ million dollars from the textile brands. Following what was agreed in the deal, more than 38,000 inspections in Rana Plaza like factories were carried out. Fashion brands made the commitment, via this binding agreement, to care for the health and safety of their workers, violations of human rights in these factories, and building safety. This deal had a validity of eight years, thus, quite recently, in August 2021, the deal expired. In September 2021, another agreement, signed by more than 80 retail companies, in contrast with the 200 signatories of the first agreement, replaced the first one³.

Supply chains, value chains, and global production chains are a key part of the more general activity of international trade, economic integration, and thus, economic globalisation. Bangladeshi workers are part of these global supply chains. In addition, they constitute an integral necessary part of these way of production. However, many times they face what should be understood as a false dichotomy: either you work in harsh conditions conditioning your health and wellbeing or you are unable to earn any money to live and support your family. In either case, Bangladeshi textile workers, among others, remain unable to flourish and pursue their interests, to say the least.

If we recall the quote from Judith N. Shklar at the very beginning of this dissertation, we can ask ourselves whether the so-called accident of the Rana Plaza and the minimum 109 that followed have been a matter of misfortune or injustice. This is to say, is it a matter of luck that the building collapsed with workers inside? Or is it a matter of injustice? As she expresses in the selected quote as well as in her seminal book *Faces of Injustice*, Shklar argues that whether situations like that are considered a misfortune or

³ See the new here: <https://www.theguardian.com/global-development/2021/aug/26/fashion-brands-sign-new-deal-on-bangladesh-garment-workers-safety> and <https://www.theguardian.com/business/2021/sep/01/uk-brands-yet-to-sign-accord-on-bangladesh-garment-workers-safety-primark-next-jd-sport>

injustice, highly depends on our ability to either compensate, mitigate, and do something about it, or just ignore what happened. In the particular case of the Rana Plaza, the Rana Plaza agreements showed that what happened was considered, at least by some, and at least partly, as an injustice. This was, however, the first agreement after but also before many so-called accidents.

This example, while symbolic, can be referred to illustrate one of the many concerns with economic globalisation. The less controversial thing that we can say about the process of globalisation is that it has not worked for everyone in the short and medium terms. Thus, the mildest critique that we can make about this process is that it is a contested practice. Critiques to globalisation have in fact come more frequently from social movements, NGOs, and activists, than by scholars or, for what is worth, the public administration. The anti-globalisation movement has been very active for the last twenty years. One of the first biggest demonstrations was what is popularly known as the “Battle of Seattle” which took place in 1999. In that demonstration which ended with violence from the police, protesters criticised the World Trade Organisation as they claim that this institution was promoting the deterioration of labour standards, environmental protection, and human rights.

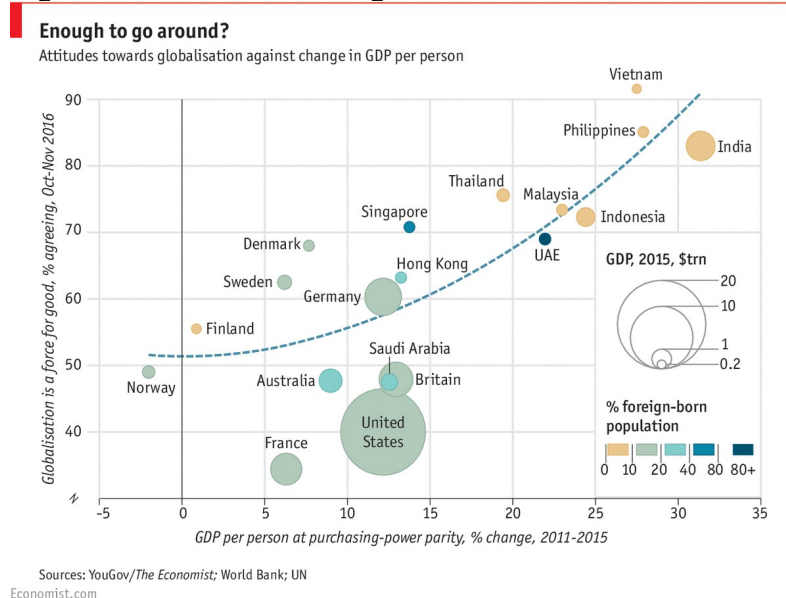
This event was not the only one of these characteristics. In 2001, the G8 was meeting in Genoa, protesters were outside, in the streets, marching under the slogan “another world is possible”. The main claims in this demonstration were concerns with raising income and wealth inequalities both around the world and within states, as well as environmental concerns of climate change and its urgency. In this occasion things ended with another battle between security forces and militant protesters. The numbers are striking, around 20,000 security forces were mobilised, many protesters were injured, and one person died: Carlo Giuliani. He was shot dead by the police. After these unprecedented events, these meetings have been celebrating with a halo of secrecy in places difficult to reach. Finally, one of the last more memorable anti-globalisation demonstrations took place in Canada in 2010. The G20 celebrated its summit in Toronto, where thousands of people went out to demonstrate. As in previous occasions, it ended with police violence and, in this case, Canada’s largest arrests of protesters.

The police arrested more than a thousand people and later released almost all of them without charges. This constituted the largest false arrest actions in Canada.

The faces of globalisation, as the faces of injustice in Shklar's book, are varied and very different among each other, yet, they have two elements in common: first, they affect almost any citizen in any state as well as their political and social institutions, and second, the derived challenges it poses cannot be faced in isolation. These common elements can serve as a fruitful basis for comparison. One of the primary trade agents are countries. Evidently, globalisation in general and international trade in particular have impacted differently each country.

One key indicator for this impact might be the level of development of each country and their corresponding domestic regulation of trade. Another indicator of the different views on globalisation is the attitudes that different countries have towards this process. In this sense, *Figure 1* enables us to see and compare two main aspects: first, GDP per person at purchasing power – power parity, % change 2011-2015 and second, the consideration by individuals participating in the questionnaire whether globalisation is a force for good, % agreeing, Oct-Nov 2016. If we look at *Figure 1*, one of the most significant features that we can extract is that there is a difference between developed countries, and developing countries regarding to their attitudes towards globalisation. While citizens from countries including Indonesia, India, and Vietnam consider in more than a 70% globalisation as a force for good; countries like France, the US, Britain, and Norway see globalisation as in less than a 50% a force of good, with France as the most sceptic country with less than a 20% of agreement.

Figure 1: Attitudes towards globalisation⁴

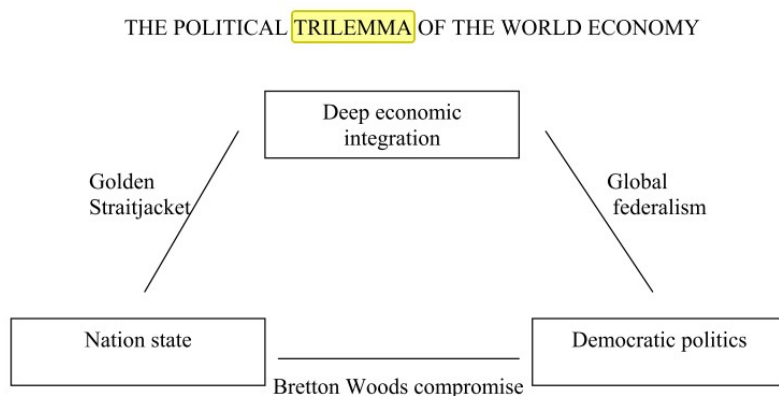


The year in which this analysis was done, November 2016, coincided with two main western political events that changed world politics in recent years. First, the Brexit vote on June 23rd. On that day, the people of the UK voted, although with a quite tight result (51,9% - 48,1%), against remaining in the European Union as a Member State. This same year, the 8th of November 2016, Donald Trump won the presidential elections against Hilary Clinton. As it happens, it is not clear whether the attitudes towards globalisation reflected in Figure 1 and the political events in the UK and US were a matter of correlation or causation. It is extremely difficult to understand and interpret these phenomena and to avoid cherry picking. As any political phenomenon, they are hardly understandable applying a single factor or from a single perspective. However, it seems fair to state that both cases, among many others, show a link between how globalisation works (for each country) and (democratic) politics.

Some economists, including one prominent example, Dani Rodrik, have reflected about this link. Specifically, they analysed the impact that globalisation as it is currently regulated, and most of all since the foundation of the WTO in 1995, has had in democracy. The analysis of this link became one of the most well-known arguments of Rodrik: the Trilemma of the world economy.

⁴ This figure can be accessed in an article published at The Economist on November the 18th 2016 here: <https://www.economist.com/graphic-detail/2016/11/18/what-the-world-thinks-about-globalisation>

Figure 2: Dani Rodrik's Trilemma of economic integration⁵



Briefly, as shown in Figure 2, Rodrik argues that deep economic integration, nation state, and democratic politics are mutually excludable, and you cannot have the three of them. If we want democratic politics, we then should choose between economic integration and the nation state. The main reason for this is twofold: first, deep economic integration will not allow for both national sovereignty and democratic politics, and, second, national sovereignty either alienates with democratic politics in which case economic integration will not be possible, or chooses economic integration in which case democracy will be left outside the equation. From this perspective, one possible interpretation of the political events of 2016 might be a popular claim for the nation state, either being a detriment to economic integration or to democratic politics.

If we recall the first example, the Rana Plaza, it is not very controversial to say that workers' rights in developing countries, which are part of global supply chains and collaborate and work for their partners in developed countries, are pervasively harmed by the terms of this collaboration. Against this situation, one of the main arguments defended in this dissertation is a twofold claim: first, the terms of negotiation and bargaining power among trading partners are negatively determined by the difference in GDP and generally economic inequalities between countries. One of the main reasons for this is that high differences in economic outcomes such as GDO in the case of countries, have a direct impact in relations among parties. In this case, economic significant inequalities between countries generate pervasive relational inequalities. In

⁵ See: Rodrik, Dani. 2000. "How Far Will International Economic Integration Go?" *Journal of Economic Perspectives*, 14 (1): 177-186

turn, these inequalities include highly different political influence, political inequality, and inequalities in political power. This situation not only generates situation of unequal opportunity among trading parties, in this case countries, but the erosion of the legitimacy of international institutions fostering the trade regime, e.g., the WTO.

Second, differences in bargaining power have a double impact within countries: first, regarding outcomes, and second, a political consequence. First, citizens living in countries with lower bargaining power suffer from lower wages, poverty, and false dichotomies such as the one between risking their health and life, on the one hand, and their work, on the other. In addition, this false dichotomy increases situations of vulnerability as workers who have bad health as a consequence of poor working conditions will eventually, be unable to work. Second, citizens living under these conditions not only suffer from extremely low wages and lack of wellbeing and minimum healthy working conditions, but the *difference* between those workers who are harmed by their participation in global supply chains and those who are benefited by it result in differences in social status and standing, differences in political influence and bargaining power, and, ultimately, political inequality.

The impact of trade-related inequalities within countries has not been restricted to developing countries. Lower wages have been a transnational impact affecting both citizens in developing and developed countries. The differences between workers who have been benefited and those who have been harmed by globalisation and international trade has had a political impact. In particular, inequalities in economic outcomes have an impact in the ability of citizens to develop a plan of life and what is more, to develop the ability to relate as equals. A high economic inequality among citizens might also have an impact in the institutional ability to three main aims: first, provide with the background conditions to promote equal treatment among citizens, second, express equal treatment through institutional *attitudes*, such as the promotion of equality of opportunity, third, erode the conditions for a not justified but fair process of equality of opportunity. Against a background of inequality, the requirements established by equality of opportunity so understood, are especially important as they limit the concern with inequalities to access positions of advantage within key political and social

institutions. In cases in which the requirements established by equality of opportunity are violated, the inequalities generated by the attainment of positions of power will neither be justified, nor just. Finally, the erosion of the requirements to make equality of opportunity fair within both transnational and domestic institutions will, in turn, redound to a loss of legitimacy of both institutions.

To lay out, develop, and organise these main arguments, this dissertation is divided in three parts. The structure of the thesis, thus, is a ternary structure, the first part is formed by two chapters, the second one by three, and the final one again by two, very much like a minuet with a colourful coda, with trade inequalities as its *leitmotiv*.

The first part is formed by Chapter One and Chapter Two. This part introduces the topic of globalisation and international trade from an economic and political perspective. The main objective of this first part is to present the reader with descriptive, empirical information on the history of economic globalisation and international trade, its regulatory institutions, and the values and theories governing them. It aims at offering the necessary conceptual tools to understand the main mechanisms motivating trade and economic globalisation. In doing so, it introduces the main economic concepts to enable the reader to understand the practice of international trade and its main complexities so that concerns beyond the economic theory arise in a more natural way, almost as an unavoidable reflexion.

Chapter One focuses on developing the reasons countries, as one of the main trading agents over history, have to engage in the practice of trading with other countries. This first chapter is divided in four sections. Section One settles the conceptual basis and clarifies what we talk about when we talk about economic globalisation and international trade. Section Two draws a connection between the evolution of the practice of trade and the regulation of the institutions governing trade. It emphasises how different values and theories shape trading institutions and international trade, and briefly describes how liberal values promoted the historical change from feudalism to the market economy. It then describes the main international institutions, at different

periods, constituting the trade regime including Bretton-Woods agreements, the GATT, and the WTO.

Section Three discusses the main economic and political reasons countries have to continue trading among each other, mainly why trade might be considered a profitable and desirable activity for a country as a whole. First, it distinguishes between *efficiency-based* claims and *benefit-based* claims to trade. It describes three main economic models: first, the basic model, the *Ricardian Model*, second, the *Specific Factors Model* and third, the *Heckscher-Ohlin Model*. It finishes by noticing that these models acknowledge that although international trade promotes socioeconomic progress, it might not be beneficial for every trading partner (mainly countries) in the short and medium terms. Second, it describes the political reasons, mainly *instrumental* ones, countries have to participate in international trade. It argues that there are at least two main reasons to trade, namely: first, social, economic, and political progress, and second, peace. It follows David Doyle's identification of three main trends within liberalism distinguishing the different reasons for the *desirability* of international trade, to wit: liberal pacifism, liberal imperialism, and liberal internationalism. This section finishes with the argument that, when a country decides whether or not it is beneficial to engage in trading activities, it is the ability of citizens to develop a plan of life what is at stake. Finally, section Four illustrates, through Smith's critique of mercantilism and an historic example, the classic argument on the economic losses that failing to trade might generate for countries. The ultimate impact that international trade activities have is on citizens' ability to flourish and develop a plan of life is one of the main elements motivating normative concerns, and as such, it is analysed transversally through different perspectives over the dissertation.

Chapter Two's main aim is twofold: first, it aims at making the case to justify and/or build international institutions to govern the practice to protect states (mainly their citizens) when they do not suffice, second, it aims at giving reasons to consider that institutions of the trade regime should be concerned with inequalities (directly or indirectly) related to trade. Moreover, it aims at making the case for normative concerns motivating the development of such perspective. This chapter is divided in two main

sections. Section One focuses on the claim that international trade, as a global practice, gives rise to challenges beyond state's borders that call for cooperation and urges collective action among countries under the framework of international institutions. It, thus argues that when states do not suffice there is a duty to create international institutions to face global challenges. This section first briefly describes how different alternatives organising the global economic system and international trade, might generate both different distributive schemes, and thus, effects. It argues that, considering these schemes, one of the main reasons for concern is the impact that distributions have including regional development and poverty alleviation. Second, it examines the reasons there are to make the case for the regulation of social challenges at international institutions. These reasons include the risk of being excluded from participation in international trade, and the impact in domestic policies. It concludes that the case for building and regulate this type of international institutions is at least motivated by two main features: first, existing institutions are not enough to secure their citizens' wellbeing mainly due to malfunctioning problems, and, second, existing institutions might not be able to cope with global challenges due to the challenges' scope and complexity.

Section Two focuses on describing key approaches to deal with the effects that the global economic system and the international trade regime generate in the wellbeing of citizens from trading countries. It briefly comments on the option of a division of labour among international and domestic institutions to govern the trade practice and protect citizens from the impact of international trade. It first focuses on trade-related inequalities and both their impact in the ability of citizens to develop a plan of life due to the impact of these inequalities in income distribution and concerns beyond borders. It briefly explains Branco Milanovic's view on globalisation and its regulation through *benign* or *malign* forces. It describes the main elements both incrementing and reducing inequalities within countries. It argues that high levels of unjustified inequalities related to trade might render institutions governing the practice illegitimate. Secondly, it focuses on the effects of international institutions. It briefly revises the main critiques to the main institution at the trade regime, namely, the WTO, and one well-known option for mitigating inequalities: *Special and Differential Treatment*. Finally, it comments on

the possibility of a division of labour among domestic and international institutions. It considers some objections to the claim for the application of principles of justice to govern international institutions so that they can be protective. These considerations aim at making the case for the development of a normative perspective capable of accounting for trade-related inequalities both at the trade regime and among citizens of trading countries.

The second part of the dissertation is formed by Chapter Three, Chapter Four, and Chapter Five. This part begins the normative reflexion on the practice of international trade, and specifically, focuses on concerns with trade-related inequalities. It discusses the challenges, mainly socioeconomic ones, that international trade and trade-related inequalities pose in terms of political morality and argues that they can be accounted from a normative theory. The main aim of this part is to begin the discussion on the moral objectionability of trade-related inequalities by first considering two main methodological concerns conditioning the perspectives of trade justice views; second, presenting the main views in the debate of global justice beyond the dichotomy of cosmopolitan and statist views; and third, examining two apparently opposite views and elaborating a taxonomy of the view that will be favoured.

Chapter three considers key methodological concerns that theories of trade justice face when discussing how to best design institutions dealing with international trade. This chapter is divided in three sections. Section One mentions how socioeconomic challenges to political morality, such as those posed by international trade, might be, first, identified and, then, analysed by normative concerns with trade justice, and poses some examples. It describes some responses to these challenges including the application of more or less demanding principles of justice such as *instrumental* principles, *intrinsic* principles, or mere *duties of assistance*, to deal with global socioeconomic challenges. Section Two focuses on describing two key methodological challenges for theories of trade justice which, in turn, define the different responses to the challenge of international trade. First, whether trade should be considered as a separate activity unrelated to other global challenges or it should be part of a broader theory of justice. As this question has two possible responses, there are two possible

principles which might serve for each response: *internal* and *external* principles. *Internal* principles conceptualise the practice of trade as a distinctive challenge with a particular concern. *External* principles conceive international trade as part of a broader scheme that urge the application of broader principles.

The second methodological challenge refers to how the principles governing global challenges, whether *internal* or *external*, should be applied to institutions. Principles applied to institutions governing trade might be applied in *isolation* or in an *integral* way. Principles applied in *isolation* are taken as separate from other areas of concern. In addition, this section distinguishes between applying principles to institutions governing and addressing single challenges or to institutions dealing with different challenges: *non-aggregative* and *aggregative* applications, respectively. Finally, Section Three focuses on the methodological aspect of the main proposals of Mathias Risse and Aaron James: two of the most relevant authors of the trade justice debate. The section describes how their responses to socioeconomic challenges generated by international trade are conditioned by their perspectives on the methodological concerns described above. It describes the relation between the methodological aspects identified in Section Two and Risse's *pluralist internationalism* and James's *structural equity*. It concludes by arguing that normative concerns with trade characterise the pervasive impact of this global challenge as one of the main reasons why international trade, and free trade as it is currently regulated, should be governed based on political morality demands. The methodological question responds to one of the main characteristics of the global realm, the intersection of various global challenges including the climate emergency and international trade which cannot be faced by states in isolation and that intensely condition each other.

Chapter four has a twofold aim. First, it aims at identifying what different theories of global justice find as morally objectionable of socioeconomic challenges raised by international trade, second, it focuses on examining how these views might contribute to the trade justice debate. This chapter is divided in three sections. Section One begins by articulating the main socioeconomic challenges raised by international trade, and the trade regime. It presents the main socioeconomic challenges that a theory of trade

justice should deal with including *hyperglobalisation*, and focuses on how they give rise to concerns with their moral objectionability. Section Two explains the main theories of global justice through their responses to the socioeconomic challenges and inequalities generated by global challenges both at the international and domestic levels. This section draws a distinction of the different theories in light of their responses to three main elements they have in common, to wit: the *scope*, *ground(s)*, and *content*. Briefly, broadly described, the *scope* of a theory of justice refers to the *locus* or *loci* where principles required by justice according to a particular theory, are applied. The *grounds* of a theory of justice refers to the main reasons motivating the application of such principles. The *content* of principles of justice refers to the moral values and ideas defining what should be considered as morally objectionable of the selected *scope*, i.e., defining what justice requires.

Section Three focuses on the *content* of theories of justice, it organises the different responses considering their stands on the question of *why inequalities are morally objectionable*. It accounts for the main theories with a special focus on the value and idea of equality behind the different answers to the question. It presents a key distinction, which is part of the argument in Chapter Seven, between *broad* and *narrow* reasons to be concerned with inequalities. This distinction is coined by Thomas Scanlon and distinguishes objections to an unequal metric from objections to inequality *per se*, respectively. This distinction is key to identify what might be morally objectionable with trade-related inequalities and for what reasons. Section Four classifies the main responses to these questions and identifies five theories within the global justice debate. The five theories distinguished are: first, cosmopolitan views, second, relational views, third, coercion-based views, fourth, egalitarian views, and fifth, statist views.

Chapter five finishes this second part of the dissertation through a continuation of the discussion on the moral objectionability of trade-related inequalities according to two views from the five identified previously. This chapter describes two apparently opposite responses: distributive and relational views and describes their contribution to account for the moral wrongness of trade-related inequalities. In summary, this chapter's aim is twofold: first, one main objective is to complement the description of

distributive and relational accounts provided by the previous chapter; and second, the main contribution of this chapter is to develop a more complete understanding of what could be assessed as morally objectionable of trade-related inequalities according to a possible interpretation of relational egalitarianism. This chapter is divided in two sections. Section One is divided in three subsections. Subsection One settles the stage of the chapter by defining relational views in contrast with distributive alternatives. Subsection Two focuses on explaining one common methodological challenge with relational views: the claim that they are negative accounts and to properly identify morally objectionable inequalities it is necessary to either develop or endorse a positive theory guiding the identification of unjust inequalities. Finally, Subsection Three draws a tentative taxonomy distinguishing relational views into three labels, to wit: *ambitious* relational egalitarians, *intermediate* relational egalitarians, and *weak* relational egalitarians. It locates key authors within these views, Elisabeth Anderson might be subsumed under the *ambitious* view, Jonathan Wolff might be considered as part of the *intermediate* category, and Kasper Lippert-Rasmussen under the *weak* relational category. This view might too be considered as an ecumenical view. These labels correspond to the three different roles that distributions might play in an interpretation of relational egalitarianism.

Section Two examines two key reasons identified by relational egalitarian views to be concerned with trade-related inequalities. This section is divided in three subsections. Subsection One describes different interpretations of relational views and specifically non-egalitarian relational views. It indicates that there are incipient developments of *sufficientarian* and *prioritarian* relational views, but the literature strongly agrees on the egalitarian interpretation. Subsection Two focuses on the debate on the moral consideration of unequal *outcomes* by distributive and relational theories in the case of trade. It argues that according to a possible interpretation, equal outcomes are not enough for justice. This argument is applied to further arguments developed in subsequent chapters including the argument developed in Chapter Seven. The third subsection focuses on institutional duties. It explores some of the main institutional difficulties dealing with trade-related inequalities and mainly how they interfere with one of the main duties of institutions, in this case those regulating trade, which is to

provide the background conditions to promote equal treatment among countries (in the case of the trade regime) and among citizens (in the case of domestic institutions).

The third part is the final part of the dissertation. This part is formed by Chapter Six and Chapter Seven. This part develops my view and argues that institutions dealing with international trade, regardless of their scope, should provide their subjects with the background conditions to promote equal treatment both among trading partners and among institutions and their citizens. It holds that relational inequalities generated by trade such as unequal bargaining power among trading partners and differences in status should be identified by both international and domestic institutions to make trade-related inequalities just. It does so in three steps:

- (i) They hinder international and domestic institutions from promoting the conditions to provide equal treatment among agents.
- (ii) Unequal treatment among trading agents generates in turn situations of domination and control over the lives of others.
- (iii) Failing to provide the background conditions for equal treatment among agents might erode political equality both among countries and individuals.

Chapter Six aims at developing a précis of the account of the two main authors of the literature on trade justice mentioned in Chapter Three, to wit: Mathias Risse and Aaron James. This chapter aims at developing an interpretation of both views as, broadly understood, relational views. One of the main reasons to consider both views as relational is that both overcome and criticise the dichotomy which have lately been one of the main focuses in the debate on global justice, the cosmopolitan/statist dichotomy, and propose a non-dichotomic alternative. This alternative is not only concerned with unequal distributions but with challenges such as exploitation in the case of Risse and Gabriel Wollner in the publication of 2019 and “equitable treatment in the structure of social practice.”⁶ in the case of James. This chapter is divided in three sections. Section One describes James’s account and focuses on the core arguments in his view, to wit: first, an interpretation of both the international trade and trade regime understood as an

⁶ James, A., (2012): *Fairness in Practice : A Social Contract for a Global Economy*, OUP, pp. 18, 136, 157.

international social practice of market reliance, and second, his response to the main challenges that according to his views a theory of trade justice should address: a concept of fairness as *structural equity*. This section is, in turn, divided in two subsections. Subsection One focuses on describing the concept of *market reliance* and the approach to trade understood as a practice. Subsection Two develops the concept of *structural equity* and the three main principles that form this concept: *Collective Due Care*, *International Relative Gains*, and *Domestic Relative Gains*. It briefly introduces a critique to the concept of autarky in James's account.

Section Two focuses on explaining Risse's account and Risse and Wollner's account which corresponds to the last developments of Risse's overall account. This section is divided in two subsections. Subsection One focuses on the Risse's main concept guiding his account of global justice: *pluralist internationalism*. It explains that Risse identifies five grounds of justice, to wit: first, membership in a state, second, membership in the world, third, subjection to the trading system, fourth, common ownership of the earth, and fifth, common humanity. Each ground identifies different reasons for the application of principles of justice *internal* to the ground, with the characteristic that some challenges, such as the case of trade, might be analysed from more than one ground of justice. Subsection Two focuses on describing the main concept regulating international trade and the different agents that might be involved: *exploitation as unfairness through power*. Finally, Section Three poses the challenges raised by unequal bargaining power and both terms and outcomes of negotiation and explains what James and Risse and Wollner's response might be. In doing so, it argues that both views have a strong, broadly understood, relational component and draws on their similarities and differences. It argues that relational perspectives in trade justice should consider distributive trade-related inequalities. In this section I offer reasons to endorse the relational approach to trade justice and finish with a tentative description of what Samuel Scheffler's *deliberative constraint* might contribute to regulate trade negotiations and processes at the trade regime.

Chapter Seven ends part three of the dissertation and thus, is the last chapter of the thesis. This chapter continues the development of the relational approach to trade justice

in general and focuses on what is morally objectionable of trade-related inequalities in particular. It builds on relational concerns with trade beyond distributional ones including domination, oppression, and control as a product of unequal relations of the most advantaged over the lives of the less advantaged. From this departure point, this chapter argues that the difference between those advantaged (both at the trade regime and within countries) and those disadvantaged might: first, erode equality of opportunity among countries and citizens, second, in turn, this might contribute to hinder the background conditions for equal treatment that institutions, whether international or domestic should promote among their subjects, and third, unfair equality of opportunity might have an impact in democratic equality among citizens from trading countries. It is divided in two sections.

Section One examines the concept of equality of opportunity and the impact the trade-related inequalities might have in making this processes fair. It is divided in three subsections. Subsection One argues that equality of opportunity first, as a competition for positions of power at the trade regime, and second, as a competition for valuable positions at domestic institutions, is pervasively affected by globalisation in general, and trade-related inequalities in particular. Subsection Two follows Richard Arneson's distinction and critiques of four accounts of equality of opportunity: the *libertarian* ideal, the *formal* ideal, the *Rawlsian* account, and the *luck egalitarian* account. Subsection Three discusses on the moral objectionability of the outcome of unequal opportunity and lays out Thomas Scanlon's view on equality of opportunity. Scanlon argues that equality of opportunity cannot be justified but the process can be fair. He establishes three requirements: *institutional justification*, *procedural fairness*, and *substantive opportunity*. It concludes that income and wealth inequalities highly condition the distribution of positions of power; and that unfair outcomes of opportunity for positions of power aggregate to the pervasive effects of unequal distributions.

Section Two focuses on the effects of unfair opportunities for valuable positions and positions of power in the domestic context. Specifically, it examines how both unjustified and unfair opportunity for positions of power within social and political domestic institutions might erode political equality and democratic equality, i.e., the

egalitarian value of democracy. It describes how relational accounts, mainly Anderson's, have treated the moral objectionability of inequalities impacting democratic equality. It is divided in two subsections. Subsection One elaborates on how trade-related inequalities within countries should be addressed in light of the impact they generate. It reviews two main impacts already noticed: first, the erosion of democratic equality, and second, the ability of citizens to have political influence and equal social status. Subsection Two reviews three possible mechanisms that might account for political and democratic inequalities from a relational perspective, namely: equal opportunity for political influence, the deliberative concerns, and responsiveness.

In summary, this chapter argues that a possible interpretation of relational equality conceptualises the value of democratic equality in a way that enables institutions at the trade regime (international and domestic ones) to account for the moral objectionability of trade-related inequalities and their effects in trading partners in a way that other alternatives do not.

The following chapters, sections, and lines are an elaboration of the ideas summed in this introduction.

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CHAPTER 1. ON THE POLITICAL AND ECONOMIC REASONS TO TRADE

“(...) commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors.”

Adam Smith, *The Wealth of Nations* (Book III. p. 508)

On October 2018, at the WTO Public Forum, Jack Ma, a prominent Chinese entrepreneur, the executive chairman of China’s larger online retailer (Alibaba) remarked: “the way to stop wars is to trade.”⁷

Introduction

This first chapter begins the first part of the dissertation which is formed by chapters one and two. The main aim of this part is to present key economic empirical data and concepts that allows us to begin to understand economic globalisation and international trade. This first chapter introduces key economic insights regarding economic models of trade and the economic and political reasons that countries have to engage into trade activities.

The process known as *globalization* has had an impact on the lives of almost every citizen in every state. It might be said that such an impact has made each of us, in some sense, citizens of the world. Globalization, broadly speaking, unqualified with adjectives like “financial”, “cultural”, or “political”, is a highly contested phenomenon particularly outside economics. Economists have discussed its genesis⁸, desirability, and impact on the wellbeing of citizens. For almost the whole second half of the last

⁷ This testimony can be accessed at different sources, for two reliable ones see: <https://www.scmp.com/news/china/article/2166701/easy-start-tough-stop-alibabas-jack-ma-warns-against-trade-wars> and https://www.wto.org/english/news_e/news18_e/pf18_04oct18_e.htm

⁸ For a deep and thorough discussion on how to establish when globalisation began see: O’Rourke, K. H., and Williamson, J. G., (2002): “When Did Globalization Begin?” *European Review of Economic History*, 6, pp. 23-50.

century, globalization was seen by most economists as, all things considered, beneficial. During these years there was frequent agreement among economists that economic and financial globalization was advantageous for any country as a whole and in the long run, which gives reason for its promotion. In the last decades of the twentieth century the promotion of economic globalization and specifically, economic integration, broadly speaking, led to what has been called *hyperglobalization*. *Hyperglobalization* became an end in itself instead of a means for another goal (such as a tool for democracy, progress, and/or socioeconomic development in developed and developing countries), this generated difficulties for the most vulnerable countries, eventually leading to the global crisis of 2008.

This chapter aims at illustrating why countries and other trading agents choose to engage in trading practices and become part of the trade regime. It argues that institutions of the trade regime, including states, the WTO, the IMF, and the WB, should focus on avoiding what makes international trade a non-desirable activity for some trade agents, namely developing countries, in political, economic, and moral terms. To do so, it first discusses what is globalisation and when did it start according to different economic theories. It identifies different phases of the process of globalisation and illustrates each phase. Section two argues that each phase is determined by different economic values and theories which govern trade and generate socio-political impact. Section three elaborates on first, the economic and second, the political reasons that agents have, mainly states, to engage in the trading practice and the trade regime. Finally, section four offers two examples according to which it might be morally objectionable to voluntarily failing to trade.

1.1 The emergence of the global trade regime

This section states a widely accepted definition of economic globalisation and contextualises this phenomenon, distinguishing different epochs and phases. It focuses on what is called modern globalisation, its institutions, agreements, and main purpose. Finally, it describes the evolution of globalisation through the different phases identified

and their main social and economic impacts and consequences for trade agents and citizens.

Individuals have traded internationally since ancient times. To illustrate this empirical fact, the role that trade beyond borders played in ancient Greece is worth noting. Briefly, local, regional, and international trade has existed at least since the Bronze Age in the Mediterranean area. There is evidence that gold and other precious metals were interchanged, and they were found far from their place of production. These activities increased in the 8th century BCE due to population movements and colonization.⁹ However, international trade exchanges have not always been identified as part of the globalisation process. Economic historians disagree as to when international trade evolved into economic globalisation. In this sense, there are three different views: first, some historians argue that the “boom” in international trade took place from 1492 to 1498. They are in line with Adam Smith when he identifies the economic events happening around that time as without precedent in economic history¹⁰; second, others hold that globalisation activities were part of older economic practices, such as trading exchange practices in ancient times; third, other economic historians have argued that globalisation finished before the eighteenth century, as international economic practices were fragmented and *deglobalized* after this period.¹¹ Kevin O’Rourke and Jeffrey Williamson introduce a distinction that helps to distinguish between different sources of trading exchanges. They separate the growth in volume of global trading exchanges due to import demands and export supplies, and the growth in volume of global trade due to the integration of markets among trading partners. The second view coincides with the most commonly used description of economic globalization and the one favoured by the O’Rourke and Williamson.¹² According to this distinction, the first phase of what is called globalization took place at the beginning of the nineteenth century.

⁹ Boys-Stones, G., Graziosi, B., and Vasunia, P., (eds.), *The Oxford Handbook of Hellenic Studies* pp. 211 – 226.

¹⁰ In Smith’s words: “By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another’s wants, to increase one another’s enjoyments, and to encourage one another’s industry, their general tendency would seem to be beneficial.” Smith, A., (1775), *An Inquiry into the Nature and the Causes of the Wealth of Nations*, p. 627

¹¹ O’Rourke, K. H., and Williamson, J. G. (2002): “When Did Globalisation Begin?” *European Review of Economic History*, 6, pp. 23-50

¹² Idem.

In addition to regard global economic integration as beneficial for any country in the overall and in the long run, the standard economic view of economic globalization, argues that this process, involves, in addition, “international integration in commodity, capital and labour markets”.¹³ The historical period in which economic globalization, understood in this way, took place is therefore limited since integration of these three types of markets first happened in the mid-nineteenth century.¹⁴ Since then, economists identify at least two periods of globalization: the first one lasted until the beginning of the First World War, and the second began in the aftermath of the Second World War with the foundation of the main international economic institutions until then at what were called the Bretton-Woods agreements. This second period of globalization inaugurated what might be called ‘modern globalization,’ which has lasted until the present day.

Broadly speaking, and most notoriously, in the last decades the globalization process has deepened the interconnections among individuals in the world via an international integration process by generating economic interdependence and cultural exchanges, mainly through technological development. This process has had two main broad consequences: first, it has noticeably increased international free trade, economic integration, and thus interconnections and interdependencies across countries, individuals, and firms; second, it has fostered cultural exchanges and social relations among different countries and cultures¹⁵. In what follows, I will specially focus on modern economic globalization.

¹³ Bordo, M., Taylor, A., and Williamson, J., (eds.), (2003): *Globalization in Historical Perspective*, pp. 1 – 13 The University of Chicago Press.

¹⁴ There is a discussion among economists about when globalization began. There are different views. While some authors such as Andre Gunder Frank argue that “there was a single global world economy with a worldwide division of labour and multilateral trade from 1500 onward” (Frank 1998, p. 52), others argue that there were trade networks among countries and large amounts of trading goods even long before 1500 (Bentley 1999, p.7). On the other hand, others argue that long-distance trade was overestimated and that the international economy was not really integrated and stable until 1800; in fact, they highlight that the transportation revolution only happened in the nineteenth century (Menard, 1991, pp. 228 and 272). For an in-depth analysis on the history of globalization see: O’Rourke, K. H., and Williamson, J. G., (2002): “When Did Globalization Begin?” *European Review of Economic History*, 6, pp. 23-50.

¹⁵ Some of the main authors analysing these activities constituting cultural globalisation include Ulrich Beck, Saskia Sassen, Gerard Delanty, and Manuel Castells.

Economic and financial globalization enhances free trade, capital flows, and the free movement of goods and knowledge, thus promoting economic and financial integration. This phenomenon has arguably happened since at least the nineteenth century.¹⁶ The globalization process has been divided in two main phases. The first one relates to the beginning of the nineteenth century and lasted until 1914 (the beginning of the First World War). In this interval, global trade increased by almost 4% a year during the whole century. One of the most salient causes of the first phase of globalization is the rapid development of new technologies by that time. In this sense, steamships, railroads, telegraphs and, later on, automobiles, and aeroplanes, generated a no-space illusion that fostered communications and thus globalization.¹⁷ Regrettably, the volume of world trade went down with the beginning of the First World War.

In terms of international relations, the interwar period is considered chaotic and in economic terms, it is seen as a period of general protectionism. The latter was mostly due to the Great Depression.¹⁸ After the Second World War (WWII), in July 1944, the Bretton Woods agreements took place, and with them a new phase in international economics began. Briefly, this unprecedented new international economic consensus, inaugurating the second phase of economic globalisation, was based on both national economic interests and international economic progress towards liberalization through the creation of two brand new institutions, namely the International Monetary Fund (IMF), and the World Bank (WB). These agreements, along with the General Agreement on Tariffs and Trade (GATT), lasted until 1995. This second phase of globalisation might be divided in turn in two parts: part one begins with the end of WWII and finishes with the creation of the WTO, which is when the second part begins, lasting until today.

¹⁶ There is some debate about when globalisation and in particular economic globalization began. One of the main sources of disagreement is the very definition of globalisation itself. According to some economic historians, the term globalisation was defined and popularized in the 1990s. The discussions of the origins of globalisation will be illustrated in the next section on the evolution of international trade.

¹⁷ For a thorough analysis of these and further elements of globalisation, see the 2013 report from the World Trade Organization: https://www.wto.org/english/res_e/booksp_e/wtr13-2b_e.pdf

¹⁸ According to some economists such as Dani Rodrik, the roots of protectionism in the 1930s were political change, i.e., the role played by the government in society. A more powerful and active society driven by industrialization, democratization, and the First World War demanded highly economic protection against international competition. Rodrik, D., (2011). *The Globalization Paradox*, pp. 44 – 46.

In terms of economic growth, the first part of the second phase of globalization resulted in an increase of the volume of world trade at an average annual rate of almost 7% between 1948 and 1990. According to some economists, this increase in the volume of world trade was the fastest until that date in world trade history.¹⁹ The second part of the second phase of globalization began with the foundation of the World Trade Organization in 1995. This institution aimed at inaugurating a phase of free trade and economic integration worldwide. Its creation, however, was disappointing for some countries which were more ambitious and supported the creation of the International Trade Organisation (ITO), an institution with binding power and more ambitious in terms of regulation, rules, and control, than the WTO.

The pursuit of free trade worldwide through newly created international institutions was in line with the main aim of economic globalization: the pursuit of economic integration. In this sense, the main goal of economic integration was to make interest rates, wage rates, corporate and income tax rates the same everywhere, moving toward equality by competition. Economic integration enables competition among countries with different wages, taxes, and endowments. Competition among different countries makes the case for a progressive harmonisation of the economic rules that condition international trade and competition as, for example, different tax rates and wage rates may give some an unjustified advantage over others. These elements have played a key role in promoting economic integration. In turn, an increase both in economic and financial integration has contributed to generate interdependences among local, regional, and national economies across the world. In the most recent decades, economic integration has been strengthened by two main factors which are a commonplace in the economic literature, to wit: the intensification of the development of information and communication technologies and international economic policies driven by multilateral cooperation.²⁰

¹⁹ Ibid. p. 71.

²⁰ See: Krueger. A. O. (2006). "The World Economy at the Start of the 21st Century, Remarks" The Annual Gilbert Lecture, Rochester University, New York. It can be accessed at: <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp040606> and Mussa, M. (2010) "Factors Driving Global Economic Integration" Presentation at a symposium sponsored by the Federal Reserve Bank of Kansas City on Global Opportunities and Challenges" <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp082500#interact> *Mussa adds two more factors that produced rapid economic integration, roughly: a taste for the benefits of economic integration*

This rapid increase in economic integration has had one main consequence: the corresponding increase in economic relations and interdependencies among the poorest and most affluent people in the world.²¹ These economic relations between affluent and poor countries and between developed and developing countries had to some extent determined the course of the process of economic globalization and thus international economic integration since the beginning of this phenomenon. Some economic historians give great significance to the role that imperialism played in the globalization process. As some economic historians argue, the events that took place in the 1500s radically changed the international economy and economic practice. Colonization and imperialism served, although unjustly so, to expand trade networks through countries. More accurately, it was expanded among colonists and colonized countries, or in other words, among affluent and poor countries²².

Economic globalization and economic integration aim to spread one concrete model of economic liberalism and free trade leading to equality by competition, i.e., promoting the harmonisation of the main elements influencing the capacity for international competition among trading partners. However, not every feature that drove to economic integration in economic history, such as imperialism, spread ideas of economic liberalism. In the case of imperialism, most notably, international trade activities spread the opposite ideas.

The economic relations among countries with different levels of socioeconomic development, wealth, endowments, and assets have conditioned economic integration and thus the process of economic globalization in recent history. During the years of the Bretton-Woods regime, the volume of world trade suffered an unprecedented increase

developed by both individuals and societies and the role played by public policies in fostering innovation in transportation and communications.

²¹ This reflection is also used to by Michael Blake to illustrate a critique of the current use of the term *cosmopolitanism* by political philosophers. Blake, M., “We are all cosmopolitans now” in Brock, G., (Eds.), (2013): *Cosmopolitanism versus Non-Cosmopolitanism: Critiques, Defenses, Reconceptualizations*. p. 49.

²² The case of the East India Company and the Hudson’s Bay Company which is explained in section 1.2. of this chapter, is a clear example of colonising practices by an empire generating trade-related outputs. For a complete history of the East India Company see: Lawson, P. (2014). *The East India Company: A History*. Routledge.

due to the augmentation of the national levels of production from both poor and rich countries. This increment in production was both cause and effect of the rapid growth of international trade in the first phase of globalization.²³

The development through the years of globalization and in particular international free trade has posed several difficulties to countries participating in trading exchanges. Different levels of development among world countries gave rise to a series of difficulties in advancing individuals' interests nationally. As an example, economic liberalization and free trade since the foundation of the WTO generated pervasive and problematic effects both in labour markets and domestic social policies. Some of the main effects are considered in the following sections. These phenomena have changed the image of free trade and economic globalization that economists tried to transfer to citizens in the second phase of globalization. An example of the decreasing popularity of free trade is a survey from the United States in 2007 and 2008, just at the beginning of the global economic crisis of 2008. According to this survey made by the NBC and the *Wall Street Journal*, the percentage of survey respondents who affirmed that globalisation had been good for the economy of the United States fell from 42% in June 2007 to 25% in March 2008. The popularity of economic globalisation decreased almost 50% in less than a year. This may be partly explained by the effects of the beginning of the 2008 global economic and financial crisis.

As Dani Rodrik argues in his 2011 book *The Paradox of Globalization*, it would be a fallacy to automatically relate free trade with economic and political progress and protectionism with backwardness and decline.²⁴ The beginning of free trade practices in the nineteenth century inaugurated a new economic epoch in terms of trade volume growth worldwide that lasted until 1914. The economic narrative of the epoch was particularly informed by the ideas of David Ricardo and Adam Smith. There are, however, two features that shade generalized growth and the free trade rhetoric, namely, the fact that free trade and its narrative affected countries differently through history and, second, the fact that growth produced by international trade exchanges was,

²³ Rodrik, D., (2011) *The Paradox of Globalization: Democracy and the Future of the World Economy*. p. 71.

²⁴ *Ibid.* p. 47.

nonetheless, insufficiently well-distributed, thus generating social and political problems, both within and among states.

Economic globalization is a complex phenomenon that has grown through different paths and regulatory institutions. Economic globalization and mostly, economic integration, has intended to spread a concrete model globally, with consequences in many areas and at many levels. Due to financial globalization, new international institutions have been created to regulate trade and currency markets. This has radically changed the international arena. The new scenario calls for cooperation among states through international institutions. As was stated by the then newly created World Trade Organization in 1995 at the negotiations called the Uruguay Act, and, in particular, at the Final Round Act:

Globalization has increased the need for closer cooperation between the multilateral institutions with key roles in the formulation and implementation of different elements of the framework for global economic policy, in particular the International Monetary Fund (IMF), the World Bank and the World Trade Organization. Each of these organizations has a mandate for such cooperation in the agreements under which they have been established. They also have signed agreements among themselves, for mutual cooperation and regular consultation, which identify mechanisms designed to foster greater coherence in global economic policy-making.²⁵

The institutions building what might be called the international trade regime, generated, thus, the urge to cooperate beyond borders to enable better economic integration and harmonisation among countries and markets. This, in turn, raise new challenges for transnational cooperation. Many of the challenges raised by this new situation call for a

²⁵ From the Uruguay Round Final Act. At the World Trade Organization website: https://www.wto.org/English/thewto_e/coher_e/wto_wb_e.htm

normative analysis²⁶. Not only in virtue of the pervasive and harmful effects that the deregulation, among other features of this type of globalization, has on the life prospects and welfare of the citizens of various countries; but also, in the disempowerment that this so called *hyperglobalization* may generate among domestic institutions.

The effects of this phenomenon are varied and affect not only domestic but also international and transnational institutions. Globalization has had consequences at many different levels, to mentioned some: it has had political, social, and moral consequences. It has had political consequences such as the erosion of legitimacy, understood as the right to govern, both at domestic and international governance institutions in part generated by the disempowerment effect due to deregulation. It has had social effects at the domestic level, affecting not only citizens but also non-citizens, put in a different way, citizens from different countries, due in part to market failures such as externalities. These social effects include child labour and sweatshop labour in developing countries.²⁷ It has had moral consequences, the effects of inequalities both among and within countries not only in income and wealth but in levels of development at the domestic and international levels; and inadequate distribution of the gains from trade have generated situations of domination, exclusion, and stigmatization among countries, which are morally regrettable.

This section has established a definition of economic globalisation based on market integration worldwide. It has distinguished between international trade and trade through historical and modern globalisation. It has identified the different epochs of globalisation with the creation of different global governance institutions. It has distinguished the different goals of different international institutions governing trade and the associated impact in citizens' wellbeing and life prospects. Finally, it has argued that increased integration and interdependence, including among affluent and poor

²⁶ The transformed role of the IMF and World Bank according to Rodrik is the following: as institutions that no longer offered strictly prescriptive policy guidelines, but instead pooled information about policy experiments, gave pluralistic policy advice, and served as a mechanism for promoting mutual accountability.

²⁷ For empirical cases on international labour standards analysed from a proposal for linkage, see the Appendix of: Christian Barry and Sanjay G Reddy, 'International Trade and Labor Standards: A Proposal for Linkage' (2006) 545 Cornell International Law Journal 545 <<http://www.scopus.com/inward/record.url?eid=2-s2.0-34047155526&partnerID=tZOtx3y1>>.

countries generate political, social, and moral challenges that should be addressed by normative theories of justice.

1.2 The evolution of international trade and its regulatory institutions

In this section I argue that the evolution of international trade through its international institutions responds to a particular idea of how trade should be regulated which has been changing through history. The first subsection focuses on the theory and values of trade dominant at the end of feudalism and the beginning of the market economy. The second subsection focuses on the view of international trade prevalent among economists at the creation of the Bretton-Woods regime, and the third subsection describes the concept of free trade behind the creation of the WTO. It argues that the concept of free trade at the creation of the WTO has been implemented through certain regulations and agreements such as, for example, the ones agreed upon at the Uruguay Act and the first Doha Round in Qatar. This section states that the concept of free trade has widely relied on the assumption that certain regulations for international trade and open markets were inefficient, i.e., that they would render both international trade and more generally, international economic activities, inefficient.

a) The end of feudalism and the social and liberal values promoted by the market economy

The transition from a feudal system to a market economy brought at least two main changes to individuals: first, the *servility* characteristic of the feudalist period was replaced by relations among free and equal individuals; second, the new economic system contributed to a new organisation of society. Relations within the market were motivated by trading partners' different interests and capacities. These differences, producing what economic theory calls comparative advantage, made the case for trade. Comparative advantage produced the possibility of mutual gains, although not equal gains, resulting from exchanges among trading partners.

This new practice of trade based on comparative advantage pervasively changed social relations and thus, the organisation of society. One main socio-political change to which these trading practices directly contributed was the end of feudal relations. Feudal relations of dependency established by birth were slowly replaced by a system of horizontal relationships motivated by impersonal interchanges. This new socio-political dynamic settled the basis for equality and reciprocity among trading agents, more precisely in the sense of reciprocal interests among trading partners.

In this scenario, one of the most salient challenges is the need to secure the necessary background conditions, this is to say, the regulations and principles according to which trading practices are governed. Trade relations need stability and certain legal and material conditions to take place. In addition, institutions governing trade need to fulfil these needs as well as normative-related requirements to promote the background conditions for trade and trade relations. The social gains generated by the transition from the feudalist system to the market economy, broadly speaking, may be undermined in some cases by the absence of those necessary socio-political conditions. Establishing and securing these favourable conditions is one of the main tasks of institutions regulating trade and the international trade regime.

Globalisation, the practice of trade, and its multiple associated regulations and needs have changed over the years defining different epochs. Thus, neither globalization, nor free trade, nor international economic regulatory institutions are new. The first, properly speaking, economic activities beyond national borders regulated by political institutions happened in the fourteenth century. Colonization gave rise to economic activities such as monopoly and what might be called non-benign trade, that is to say, mercantilism. Two successful cases that illustrate these problematic economic practices were: The *East India Company*, founded the 31st of December 1600 by a *Royal Charter from Queen Elisabeth I* and the *Hudson's Bay Company*,²⁸ founded the 2nd of May 1670 by

²⁸ The Hudson's Bay Company is nowadays one of the most important firms in Canada, where its headquarters are found, although it was founded as an English company. According to the financial report, in 2014, assets totalled 9.122 billion Canadian Dollars, in 2015, they reached 12.645 billion CAD, and finally in 2016, the total assets of the HBC were 12.211 billion CAD. This information can be

the *English Royal Charter as the Governor and Company of Adventurers of England Trading into Hudson's Bay*. These first multinational companies (if they may be so called) were not part of a globalization process, an effect of fostering global economic integration, but a direct consequence of international economic activity fostered by colonization and mercantilist practices. These practices were not allegedly beneficial for both parties; on the contrary, colonists established the regulations and terms of the trading exchanges. Besides, the institutions regulating the exchanges were the ones funded by the colonists, so everything was regulated in line with the laws and the institutions of the basic structure of the colonists.

However, these economic practices that can be called non-benign trade, were questioned and theoretically refuted by some authors when the economic narrative moved towards a liberal view of trade, i.e., the virtues of free trade, driven by the ideas of both Adam Smith and David Ricardo. This view of trade arises firstly with the publication in the eighteenth century of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776). There, Smith argued against these trade practices, holding that international trading practices which are the result of the relation between (political) power and economic exchange such as mercantilism were, overall, damaging the economy. Instead, the new economic thought of Ricardo and Smith defended free trade as the practice of trade without restrictions that would render all partners involved better off as a result. Smith held that mercantilist practices should stop in favour of free trade practices.

Mercantilist practices included the promotion of exports and the attempt to minimise imports as, by that time, it was believed that an increase in imports would put jobs in jeopardy. He argued in favour of a regulated trade that would have an effect on the social order. In this sense, the market, in opposition to mercantilist practices, had the instrumental value of fostering security and liberty in trading among individuals, as well

consulted at their official website: <http://files.shareholder.com/downloads/AMDA-1ETYKL/4639729501x0x942709/4EEC9E08-15BE-4D94-9921-F9D90504D6C5/HBC.2016AR.Full.pdf>

as improving their relationships with their neighbours.²⁹ To do so, there should be a separation between state regulations and the market.³⁰

Another notorious advocate to this new line of economic thinking was David Ricardo. Ricardo and his ideas about the benefits of comparative advantage trading with other nations in the early nineteenth century were the theorization of this historical phenomena that have been embraced by economists ever since. However, it was not until the nineteenth century that both Smith's and Ricardo's liberal ideas started to be implemented, during the Industrial Revolution. Due to the application of more liberal policies, for example in the UK, trade and particularly international trade was boosted. In this period, barriers and tariffs imposed by mercantilist economic practices in many countries were removed, and as a result, imports, and exports of industrial goods by industrialized countries began to play an important role in their economies, i.e., having a direct effect on development and growth.

At the beginning of the twentieth century, the emergence of the First World War dramatically changed the international sphere and, subsequently, international economic practices, thus affecting the national economies of a whole range of countries worldwide. By the end of the First World War and as a direct effect of the international conflict, protectionism was the common economic policy in industrialized and non-industrialized countries. This economic situation lasted during the inter-war period, and it was not until the end of the Second World War that international negotiations resumed. Thus, according to the chronology established before, the interwar period meant the end of the first phase of globalisation, and it was not until the end of the WWII and the political willingness showed by key actors, including the British and North American Treasury directors in 1944, that the second phase of globalisation begun.

²⁹ Smith, A., (1775), *An Inquiry into the Nature and the Causes of the Wealth of Nations*, p. 412.

³⁰ In Smith's view, economic growth was held up by practices such as monopoly and mercantilism. He believed, broadly, that such economic practices were strongly regulated by the political power of the state, which imposed its rules (such as trading contracts, logistics, transport, trust, communications, etc.) to another state to make trade possible, where the economic activities were taking place, to regulate these new economic activities beyond its borders. Smith is the founder of liberal ideas in economics that are still playing a key role in today's economic discourse. His arguments in favour of free trade and economic liberalization are still a guide to today's economics.

b) Bretton-Woods and the GATT

It was in 1945 that the efforts of advocates of international economic cooperation, in particular John Maynard Keynes and Harry Dexter White, founded the first two official international institutions to both foster and establish some regulations over the international economy, to wit: the International Monetary Fund and the World Bank.³¹ In addition, they also instituted a fixed exchange-rate system as an international economic measure. All three of these innovations were the result of what was called the Bretton-Woods Agreements and lasted, broadly, until 1970. One of the main reasons that motivated these agreements was the goal of strengthening and improving the global economic system, promoting peace and stability through trade across countries, thus promoting international trade, chaotic in the inter-war period, and in a post-war world strongly dominated by domestic policies and institutions.

Another key reason that fostered the idea, supported by both Keynes and White, of creating international institutions to regulate economic activities among nations was the favourable environment at that time for both the British and the American economies. This favourable environment was mainly a result of more liberalized markets and opening trade among the West, North America, Western Europe, and Japan, among other countries. These agreements towards a more open regulated international economy inaugurated the period of re-globalization, the second phase of globalisation.

According to the economic literature on the history of international trade, the re-globalization process had two periods³². The first one spanned 1945 to 1980, while the second one has lasted from 1980 until the present. The second period of re-globalization comprises the most intense period of economic globalization in history. One of the most notorious features of this process was the novel incorporation of various countries,

³¹ By that time, Keynes, a British economics professor, was one of the most influential economists. White, was an American civil servant at the US Treasury and attended the meetings as a representative of US president Franklin D. Roosevelt in 1944 and 1945.

³² See: World Trade Report 2013, *II Factors Shaping the Future of World Trade, B. Trends in International Trade*, pp. 52 - 56.

including China, Russia, Indonesia, Brazil, India, etc., into international economic interaction.

One of the main reasons for this significant increase in world trade is the way this activity has evolved over the last thirty years. According to the economic literature on the history of international trade, trade exchanges have changed noticeably in recent years. The most differential features of this change include manufacturing, trade in services, multinational corporations, the emergence of global supply chains, and emergent new markets³³. Manufacturing and the export of a wide variety of products now represents at least two-thirds of total international trade. Service activities, e.g., communications, banking, and a wide range of professional services, constitute a new area of international trade. Multinational corporations which were few in the past, now handle two-thirds of total international trade. In emerging supply chains, ICT (information and communication technologies) products, and production splits are key features of today's international trade. Finally, emergent markets played a key role in the evolution of international trade in the last decades. Currently, developed countries dominate the top 25 leading trading nations with the US, Germany, the Netherlands, and Japan as the top trading developed nations accounting for a total of 23,3% of the total share of global exports of goods. However, the leading trading nation is China, considered a developing country, amounting to a 14,7% of the share of global exports of goods. In the last forty years, one of the most significant changes has been the evolution of developing nations in the top leading trading nations. According to the *United Nations Conference on Trade Development* while in 1979, developing nations accounted for a total of 13,2% of the share of global exports of goods, in 2020 this amount is exceeded for just one nation. Thus, there has been a clear increase in the participation of developing countries in international trade in the last decades³⁴.

³³ Both the EU and the WTO echoed this assumption in key publications, see: World Trade Report 2013, *II Factors Shaping the Future of World Trade, B. Trends in International Trade*, and the European Commission's "Reflection Paper on Harnessing Globalisation" European Commission COM (2017) 240 of 10 May 2017.

³⁴ See the evolution of the world's 25 top trading nations according to the *United Nations Conference on Trade Development*, here: <https://unctad.org/topic/trade-analysis/chart-10-may-2021>

The different phases of international trade and thus of economic globalization have affected the citizens of various states differently, in terms of welfare, opportunities, etc. The path towards free trade that characterized international trade since Adam Smith's ideas of liberalization have progressed differently. While the Bretton-Woods agreements were more permissible with national decisions over the economy, in recent decades, the World Trade Organization has fixed fewer flexible requirements to international trade. This is the case of what are called anti-dumping actions and the subsidies and countervailing measures.³⁵ The negative and positive effects of free trade and its regulations through the international trading regime have become a subject of dispute among economists.

The second phase of globalisation started with the so-called Bretton-Woods Agreements and the foundation of the most relevant international economic institutions. The GATT was the main trade agreement resulting from Bretton-Woods, it was founded in 1948 and its validity lasted until 1995. The GATT meant a new evolution towards economic liberalization. It aimed at the abolition of quotas and the reduction of tariffs duties. In 1947, this agreement was signed by 23 countries. The GATT meant a huge boost for international economic liberalization and free trade. By the time it was replaced by the WTO, in 1995, 125 nations were signatories of its agreements. Noticeably, these agreements constituted 90% of international trade practices. The main principle of GATT was that of non-discrimination, i.e., that each nation opens its market equally to other nations. The intention was to abolish practices such as the most favoured nation clause that had been established in colonial times. The popularity of the GATT was partly due to its *clausula for emerging market countries*. These agreements permitted emerging markets to apply measures to protect their industries as well as restrict trade for reasons of national security. These agreements end when the attempt to fund the ITO failed, and the WTO was funded instead.

³⁵ For an analysis of these two cases see: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm

c) The WTO

Finally, the principles of the trading system under the WTO regime meant the stabilization of economic liberalism and free trade. The WTO defines five main principles to regulate international trade, to wit: (1) trade without discrimination, (2) free trade gradually, through negotiation, (3) predictability, through binding and transparency, (4) promoting fair competition, (5) encouraging development and economic reform.³⁶

The event that founded the new regulatory institutions, the WTO, was the Doha Round. This event took place in Qatar in 2001. In the different Doha Rounds, signatory countries of the WTO negotiated on trade liberalization. The common aim of these negotiations between developed and developing countries was threefold: first, they aimed to reduce barriers and tariffs to internationally traded goods and services, second, they aimed to promote international investment, and third, international trade should be regulated to protect intellectual property rights. The five principles identified were meant to reach these three objectives. For example, the promotion of international investment was believed to be supported through encouraging and facilitating fair competition and predictability.

However, both the assumption that the five identified principles would reach the objectives, and the desirability of the three objectives are not exempt of controversy. In this sense, recently, some voices have argued that even the “most sacred cows” (these three aims) of an institution such as the WTO need to be revisited and rethought “in times of severe crisis”. In this vein, there are five main points that economists within the WTO have suggested reconsidering in order to improve regulations within the WTO and improve its main goal, i.e., economic integration: (1) “consensus” decision-making, (2) the WTO as a member-driven organization, (3) the WTO as a “hard law” subject to compulsory dispute settlement, (4) the WTO as a “single package”, and (5) special and differential treatment for “developing countries”.³⁷

³⁶ From the WTO official webpage: https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm

³⁷ The whole debate can be found at the WTO official website: https://www.wto.org/english/forums_e/public_forum12_e/art_pf12_e/art9.htm#_ftn1

This section has established three main statements: first, that the evolution of the values and ideas regarding trade determine each epoch's institutions and principles governing the trading activity. The main changes were from feudalism to socio-liberal values due to Ricardian and Smithian ideas and subsequent changes in social relations. Second, what is called modern globalisation founded new institutions at the Bretton-Woods Agreements which opened trade to developing countries and emerging markets in countries such as China, Russia, and Brazil. This generated an unprecedented boost in the volume of international trade. Finally, the WTO implies a new paradigm for the regulation of international trade. The main aim of international trade institutions was the liberalisation of international trade and economic integration. However, some of the rules governing trade practices in 1995 had to be revisited recently in light, among other issues, of the needs of developing countries.

1.3 Reasons to engage into international trading activities as mutually beneficial voluntary activities

This section explores the economic and political reasons agents may have to engage in international trade. To do so, this section is divided in two subsections: subsection one states the main models proposed by the economic theory to explain how trade works and why it is beneficial; the second subsection analyses the political reasons for trading and identifies two main reasons: social and economic progress and peace.

a) Economic reasons to participate in the international trade regime

In the nineteenth century, international trade and interdependencies increased as never before. By that time, although international trade generated socioeconomic and political progress and economic growth among trading countries in relative terms, both progress and growth among countries were extremely *asymmetrical*. This asymmetry had corresponding consequences in how international trade affected differently endowed and developed countries. For this reason, some authors have even argued that when international trade took place, many times against a background of colonisation practices, among asymmetrical countries such as developing and developed countries or

among countries with significantly unequal levels of socioeconomic and political development, it was a form of exploitation of the developing countries by the developed ones.³⁸ In addition, they argue that unequal exchanges among trading parties maintained, at least partly, global inequalities in international trading circuits. They attribute the exploitation of developing countries of the periphery mainly to *wage-differentials*.

The way these inequalities, including inequalities in endowments and wages, were transmitted was by the exchange of less-processed and undervalued goods from developing countries to developed ones and of highly processed expensive manufactured goods from developed to developing countries. This difference in labour productivity also made the case for perpetuating these inequalities in exchange. However, the precise nature of the unequal trading exchange is a complex economic matter that falls beyond the scope of this thesis.

Mutually advantageous as it usually is, international trade has different effects in different countries. These differences depend upon an extensive range of factors. International trade always has positive results, although not equally positive for each trading partner, at least in the long run; however, positive results are more common in the so-called *dominant* economies than in those which ought to accommodate to the developed ones.³⁹ In accordance with an economic interpretation of what international trade is and what economic reasons there are to trade internationally, the benefits generated by such exchanges do not aim at being equal. A trade exchange between two countries might be mutually advantageous although not equally advantageous. In this sense, unequal exchanges among countries such as the one just described do not rule out the mere economic reasons to engage in international trade.

³⁸ For a broader discussion, see: Amin, S., (1974), *Accumulation on a World Scale*. Monthly Review; Frank, A. G., (1979), *Dependent Accumulation and Underdevelopment*. Macmillan.

³⁹ Berend, I. T. and Ranki, G. (1980): "Foreign Trade and the Industrialization of the European Periphery in the Nineteenth Century." *Journal of European Economic History*, IX, 3.

It is important to note that in light of the economic models of international trade, both dominant and dominated economies have separate economic reasons to take part in the trading regime, as, after all, it will be mutually beneficial.

In the following remarks, I will make the distinction between three different economic reasons for countries to participate in the international trading regime. The first two reasons are grounded on efficiency-based claims. According to these claims, there are reasons to trade as long as doing so would render trading partners better off than otherwise as it is a more efficient system of production. The third reason to trade is grounded on a benefit-based claim to trade.

According to the preeminent economic model, there are two main reasons for countries to engage in international trade: first, according to what is called the Ricardian model, countries trade because they are different from each other; second, countries trade to achieve economies of scale in production.

The Ricardian model was stated by David Ricardo in 1817 in his *Principles of Political Economy and Taxation*. Although very simple, Ricardo's economic model allows analysts to understand some of the more basic and fundamental reasons states must engage in trading activities.⁴⁰ According to some economists, the Ricardian model's core idea is that there are differences among states in labour productivity⁴¹. These differences gives reasons to engage in trade among countries and allow states to foresee some of the effects of international trade on their national welfare, although as we will see, not on each of its citizen's well-being. Nations, like individuals, can benefit from their differences by reaching an agreement in which each does the things it does relatively well, thus specialising in the production of certain goods that other nations will not produce. According to this model, nations will specialize in different products and will consequently be highly efficient in their production.

⁴⁰ Krugman, P. R., Obstfeld, M., & Melitz, M. J., (2012), *International Economics: Theory and Policy*, p. 45.

⁴¹ Idem.

One of the main effects of the high specialization of countries in the production of a certain good is that, in this model, each country will produce different products. However, the model allows to produce the same product in more than one country. In this model, trade may be thought of as an indirect method of production, as far as trading for some goods and/or services will imply saving costs of production at home, making production more efficient.

The second efficiency-based claim for trade beyond borders is that, through trade, countries achieve economies of scale in production. That is, if each country produces only a limited range of goods, it can produce each of these goods at a larger scale and hence more efficiently than if it tried to produce everything. Due to comparative advantage, the specialization in the production of a certain good by a country would enable these countries to produce at a large scale and, thus, more efficiently. This activity will contribute as well to the consumption possibilities of the country, generating and increasing the gains from trade.

Third, we have the benefit-based claim to trade. As Paul Krugman, Maurice Obstfeld, and Marc Melitz point out in the 2012 edition of their book *International Economics: Theory and Policy*, the third main reason to engage in international trade activities is that, according to the Ricardian model, international trade should contribute to the mutual benefit of the trading countries involved. That is to say, the gains from trade derived from comparative advantage should be mutually beneficial for both trading partners. In the case of trading countries, trade has enlarged the range of choices, therefore rendering residents of *each* country better off. The extension in the range of choices will allow for a better distribution of income, thus making trade *potentially* beneficial for each *resident* in the country.

However, according to Krugman, Obstfeld, and Melitz, among others, and as we have seen in the previous section, the *Standard Model of a Trading Economy* has not always been the same throughout history. The destruction of feudalism, partly motivated by trade, followed different trading values and theories. In what follows, I will describe the three main economic international trading models and their corresponding impact on

citizens' lives: first, the *Ricardian Model*, second, the *Specific Factors Model*, and third, the *Heckscher-Ohlin Model*.

First, the *Ricardian Model*, as we have seen, defined production possibilities by the allocation of one single resource; it was based on the logic of comparative advantage, however, it did not allow for distribution of income within.⁴² According to this model, distribution and goods from trade was produced among countries, but the challenges generated by distribution within countries in this sense were not addressed.

This model considers labour as the only factor of production. In addition, it assumes that labour will move freely among different industries within a country. This assumption, whether true or not, leads us to think that as long as labour is the sole factor of production, it will move freely among national industries. In this scheme, labourers will thus not suffer some of the negative effects of trade. In addition, the Ricardian model thus affirms that not only will citizens not be hurt by trade, but that *residents* of each country will be made better off as a result.⁴³ This assumption of the Ricardian model implies, to be true, that international trade will not have effects over the distribution of income within trading countries. However, it should be noted that, in reality, international trade has an impact on the national distribution of income.⁴⁴ This distribution is frequently hugely unequal, and thus, this inequality may be understood as a direct negative effect of international trade. In sum, the Ricardian model is a good tool to understand the reasons states have to trade among themselves, however, it does not properly account for how international trade may affect the wellbeing of each *individual* citizen within the trading country.

⁴² Ibid. p. 38.

⁴³ Ibid. p. 20.

⁴⁴ In the economic literature, there are three different reasons why globalization and economic globalization in particular arguably diminish redistributive policies against inequalities (no matter their source) at the domestic level. First, economists argue that the flows of goods, information, and capital characteristic of the economic and financial globalisation process are likely to have a positive effect on poor countries. That is to say, these flows from richer to poorer countries may raise the productivity of the latter country, thus increasing the country's demand for labour. Second, globalisation might potentially generate more competition in product markets. Finally, globalisation has the effect of fostering both institutional comparative analysis among domestic institutions and among cross-nation institutions and their performance. This would increase the institutional accountability of both types of institutions. This is especially important in the case of transnational institutions, which in most of the cases are ruled by an elite through poorly or inexistent democratic procedures. For a more in-depth debate, see: Bardhan, P., Bowles, S., and Wallerstein, M. (Eds.) *Globalization and Egalitarian Redistribution*. p. 3.

Second, the *Specific Factors Model* contrasts with the first model by including multiple factors of production. In addition, it includes the possibility of income distribution as it captures the short-term consequences of trade. This model avoids the assumption made by the *Ricardian Model* that resources such as labour would move freely among industries. On the contrary, it foresees that those resources cannot move freely and without cost from one industry to other. Thus, resources such as labour will be directly affected by international trade. It also clarifies the assumption stating that countries do not vary their factors of production, thus always demanding the same. In this case as well, reality proves otherwise. Countries do differ in the factors of production needed by industries. While the production of goods by a concrete industry shift, the demand for the previous factors of production ceases, thus raising the demand for others. This change may potentially increase the vulnerability of the countries that are trading.

Third, the *Heckscher-Ohlin Model*.⁴⁵ This model also considers multiple factors of production, which can also move across sectors. It contemplates differences in resources which motivate different trading patterns. This model also includes long-term consequences of trade on the distribution of income, in opposition to the *Ricardian Model* which does not consider either the short- or long-term consequences of international trade on the distribution of income within a country.

As both the *Specific Factors Model* and the *Heckscher-Ohlin Model* show, international trade may not always result in gains, i.e., it is not always mutually beneficial in either the short or long run. In this sense, it might be said that there are some cases in which international trade may not generate gains for the country as a whole or for its individual *residents*, its citizens. It might be thus rational for some countries to restrain from participating in international trade and comply with the trade regime's rules and regulations governing trade, in cases when in the overall it is not considered as a beneficial activity.

⁴⁵ Krugman, P. R., Obstfeld, M., & Melitz, M. J., (2012), *International Economics: Theory and Policy*, p. 80-110.

In addition to the three trading models described, to engage and participate in international trade is not always beneficial even in the long run and in the overall. Thus, it might be said that, beyond the three models just described, in some cases, international trade in general and international production in particular, would not be mutually beneficial. Krugman, Obstfeld, and Melitz illustrate this possibility with three concrete cases. First, a country will not obtain overall gains from trade when it has lower productivity in any traded industry than its trading partner. Second, trade would not be mutually beneficial for two trading partners in the case in which foreign industries are competitive only because of lower wages. Third, trade would not translate into mutual gains for trading parties when exports in one of the countries do require more labour than its imports. These cases are illustrated with examples of trading practices among developed and developing countries. In addition, according to the *Heckscher-Ohlin Model* of trade, when relative prices change, the relative earnings of the resources' owners change accordingly. In these cases, trade tends to change relative prices, and then it can be said that international trade has a strong impact on income distribution which might render the trading exchange not beneficial for one trading partner.⁴⁶

Beyond these difficulties, the practice of international trade follows a concrete model. Nowadays the model that is broadly used, which encompasses the main features mentioned in the three previous models is what is called the *Standard Model of International Trade*. It is defined as follow: “The standard trade model is built on four key relationships: (1) the relationship between the production possibility frontier and the relative supply curve; (2) the relationship between relative prices and relative demand; (3) the determination of world equilibrium by world relative supply and world relative demand; and (4) the effect of the terms of trade. The price of a country's exports

⁴⁶ According to Krugman, Obstfeld, and Melitz: “The Heckscher-Ohlin model also remains vital for understanding the *effects* of trade, especially its effects on the distribution of income. Indeed, the growth of North-South trade in manufactures – a trade in which the factor intensity of the North's imports is very different from that of its exports – has brought the factor-proportions approach into the center of practical debates over international trade policy.” Krugman, P. R., Obstfel, M, & Melitz, M. J., (2012), *International Economics: Theory and Policy*, pg. 104. For an in-depth analysis on the impact of trade in the distribution of income between developed and developing countries and empirical cases, see Krugman, P. R., Obstfel, M, & Melitz, M. J., (2012), *International Economics: Theory and Policy*, pg. 91 – 104.

divided by the price of its imports – on a nation’s welfare.”⁴⁷ One key difference between this model and the previous ones described is that it aims at considering the effects of the terms of trade for trading parties.

It is a common place to affirm that trade is key for socioeconomic and political development. As will be developed in the next section, international trade among countries promotes socioeconomic development and political stability. Even if there is some disagreement on how important free trade and liberalization are for domestic development, the *relevance* of trade for development is strong enough for developing countries to choose to engage into the global economic activity. This is neither a new idea nor an uncontested one. Adam Smith, the 18th-century author of *The Wealth of Nations*, recognized that the case for trading with other nations was no different from the case for trading with other individuals within a state.

In addition, Smith explained and enforced the arguments that the economic desirability of trade among nations, individuals, or companies was indistinguishable as follows: “it is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy.” He continues “Just as no sensible person tries to make all his own clothes and grow all his own food”, and concludes, “no sensible nation will aim to achieve prosperity by isolating itself from other nations around the world”.⁴⁸ However, states not only have economic reasons to enter into trade, but also not to leave trade interactions once they have become part of the international trade regime, i.e., once they are engaged. To illustrate such desiderata, the final subsection will describe an economic example from the nineteenth century. It shows a historical case where the costs of leaving an economic interaction were so high that it there was almost no alternative but to remain.

⁴⁷ Ibid. p. 94.

⁴⁸ Idem.

b) Political reasons: instrumental reasons for participating in the international trade regime

The last subsection offered some of the main economic efficiency-based and benefit-based reasons to participate in the international trade regime. It also reviewed the three main models of international trade and some of the most salient problems within them, such as the redistribution of income, and the inequalities in the effects of trade in terms of socioeconomic and political progress. This section will review the different types of political reasons that states may have to trade with each other.

To have a clearer picture of the political reasons for nations to engage in international trade, it is important to distinguish between instrumental and non-instrumental reasons. On the one hand, instrumental reasons to perform an action are provided mainly by the effects of doing so. That is to say, deciding to do something for instrumental reasons means that a subject has decided to do some action as a means to an end. On the other hand, non-instrumental reasons to perform an action are not provided mainly by its effects but derive at least in part from the value of the action itself. This is to say that someone's decision to do something will rely on the value it possesses as well as in the fact that it will not be considered valuable for what it leads to, but on the contrary, for what it intrinsically is. This means that a subject has decided to do something because it has intrinsic value for her.

To analyse the case of trade and its instrumental value, it is worth dedicating some space to clarify what this means and to illustrate the case with key examples. As a first reflection, intuitively, it might be said that trade does not have non-instrumental, i.e., intrinsic value. From what was argued until this point, it may be understood that trade was undoubtedly a means to purchase, a means to achieve something, be it commodities, goods, or a concrete goal. In this sense, the reasons to favour international trade identified in the previous section were in line with the instrumental value of trade. Both efficiency and benefit-based reasons for international trade may be said to have instrumental value.

An analysis of the political reasons for trading may support the economic view according to which engaging in trading activities is instrumentally valuable. However, the main distinction among the economic reasons for international trade and some of the political reasons for it is that, while economic reasons are based on efficiency and benefit, thus highlighting trade as a mean to an end, such as in the case of specialization and comparative advantage, the political reasons for trading are mainly focused on enabling citizens to pursue their plans of life.

This section identifies two main political reasons for engaging in international trading activities:

- (i) Social, economic, and political progress
- (ii) Peace

In addition to the political reason for trading mentioned in the previous subsection, that is, social, economic, and political progress, there is another instrumental reason to trade, e.g., the promotion of peace among countries. The Kantian ideas of the linkage between trade, cooperation, and peace are shared both by political theorists such as Michael Doyle and economists within the “commercial liberalism” literature.⁴⁹ In addition, to develop a response to whether countries have decisive political reasons to engage in trade, it is important to add Michael Doyle’s idea that *sufficiently* liberal states do not go to war with one another. One example of this is the European Union: the European Economic Community (EEC) was created at the very beginning with the objective, among others, of preventing a hypothetical Third (World) War, at least among countries within the Union. In this vein, Doyle examines the claim that liberal governments that respect and advance their citizens’ interests, i.e., who advance their citizens’ individual liberty, exercise policies of “restraint” and “peaceful intentions” (quotation marks from the original) with other countries, i.e., in their foreign policies.⁵⁰ However, there are relevant differences within the liberal tradition about the desirability of trade and its alleged promotion of peace among trading countries. Doyle identifies three main trends

⁴⁹ For an analysis of different liberal theories in world politics and the role played by commercial liberal theories, see Moravcsik, A., (2010): “Liberal Theories of International Relations: A Primer”, Princeton University and Doyle, M. 1986, “Liberalism and World Politics”, *The American Political Science Review*, Vol. 80, No. 4 (Dec 1986).

⁵⁰ Doyle, M. 1986, “Liberalism and World Politics”, *The American Political Science Review*, Vol. 80, No. 4 (Dec 1986).

in international politics in the literature of liberalism: first, liberal pacifism, second, liberal imperialism, and third, liberal internationalism.

For what concerns us here, it is relevant to note that those three trends disagree on what is an appropriate foreign policy. Doyle highlights that what makes the three liberal trends different is their conceptions of the citizen and the state. Doyle's approach challenges the preeminent economic position which argues that international trade is good, all things considered. Doyle affirms that the benefits of trade for liberal states depend on each state's social understanding of the role of both the citizen and the state. These different understandings result in the delivery of the three different approaches to foreign policy within liberal states and thus three different responses to whether trade promotes peace.

According to the first trend, pacifist theories argue that a democratic and capitalist state rules out imperialism due to its development and societal goals. Therefore, people will be absorbed in production and develop an individual and rational-like mind which may contribute to perceive arms conflicts as non-desirable. In addition, according to this view, "when free trade prevails, no class gains from forcible expansion... [i.e., imperialism]." ⁵¹ However, on this point, it might be said that US foreign policy in the second half of the twentieth century proves the opposite. The unpopular conflicts in Iraq and Afghanistan might be interpreted as forcible expansions. Doyle adds that when it comes to the third trend, i.e., liberal internationalism, international trade among, at least, two agents is perceived as win-win (although only in absolute terms, as some states may be losing or not winning as much as they would under another political regime), led by comparative advantages.

To consider the political reasons states may have to engage in international trading activities, the author considers a second trend in opposition to liberal pacifist theory, namely that liberal states have different foreign policies due to their imperialist practices. Specifically, this position defends the view that liberal republics are "the best

⁵¹ Ibid. pp. 1151-1169.

form of state for imperial expansion”.⁵² According to this view, democracy is not the best political regime, but rather a mixed republic characterized by social equality, popular liberty, and political participation. A possible interpretation of a broad republican account holds that the state is characterized by the goal of avoiding domination. Consequently, citizens regard other states as a threat, given they share the imperialistic aim, thus they should be prepared for potential expansion. Regarding the conception of the citizen embraced by the liberal imperialistic view, the state conceives of its own citizens equally as a threat to each other meant to “either satisfy their ambition or release their political energies”.

The third and last position exposed by Doyle is what is called liberal internationalism, i.e., the Kantian ideal previously explained. He argues that we can say that individual freedoms enjoyed by citizens in liberal states have established separate reasons for peace. Liberal states are more likely to have a foreign policy that favours peaceful international relations than non-liberal states. In accordance with this liberal internationalist view, peace is more likely among liberal states. Consequently, liberal states may be prone to go to war with threatening non-liberal states. In line with this liberal internationalism are the Kantian ideas expressed in his discussion in *Perpetual Peace*.

Kantian internationalism has been a source of ideas for what is, broadly speaking, republican theory, although different from the republicanism focused on non-domination mentioned before, and for how this theory conceived both the role of the state and its citizens. Kantian internationalism explains how the constitution of liberal states should be designed, and how that will, roughly, lead to more peaceful international relations. Kant explains this phenomenon in three main arguments. Briefly, he first argues that the state requires a civil constitution to be a republican one, interpreted in terms of Kantian internationalism not in terms of avoiding non-domination. A constitution that is able to successfully separate public and private spheres, protecting private property and a market-oriented economy, and with a *de facto* separation of powers. Second, he argues in favour of what he calls the *pacific federation*

⁵² Ibid. pp. 1151-1169.

or *union*. The main goal of this treaty (since Kant does not consider further institutionalization necessary) is to secure peace among free states, to maintain everyone's rights. Third, he includes another feature for *Perpetual Peace* to operate jointly with the union: what is called *cosmopolitan law*. This law recognizes the *conditions of hospitality*, which includes the right of a foreigner not to be treated with hostility and the right to access and maintain the opportunity to exchange goods and ideas without the obligation of trade. In this sense, under a liberal internationalist approach, international exchange among reasonably liberal countries and the corresponding international trade may contribute to peaceful relations among countries.

Both Doyle and Smith find reasons to favour international trade because of its impacts on the prospects of peace. In particular, Smith echoes the idea that trade and, according to some authors, *free trade in particular*⁵³, contributes to the prevention of wars among nations. This is an idea omnipresent in the literature on “commercial liberalism”⁵⁴:

The wealth of a neighbouring nation, however, though dangerous in war and politics, is certainly advantageous in trade. In a state of hostility, it may enable our enemies to maintain fleets and armies superior to our own; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce.⁵⁵

On this point, Doyle joins Smith in claiming that one of the main features delivered by liberal states preventing them from entering war with other nations is respect and separation among states. Moreover, respect with the evolution of culture and republics leads to the understanding of the legitimate rights of all citizens, which rests at the moral foundation of what is called liberal peace.

⁵³ McDonald, P., 2004,

⁵⁴ Commercial liberalism is a theory of International Relations which argues that the promotion of trade liberalization, free trade among countries and economic interdependence will lead to better relations among trading countries. According to this theory, economic factors such as economic incentives play a central role in the process of building peace and reducing the likelihood of wars and armed conflicts.

⁵⁵ Smith, Adam, 1776, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Penguin Books pp. 73.

According to Doyle, it is this *cosmopolitan spirit* which will permit the “spirit of commerce” (quotation marks from the original), “thus impelling states to promote peace and to try to avert war”.⁵⁶

In addition, this will generate cooperation through the international division of labour and free trade according to comparative advantage. As a consequence, Doyle argues, each economy will be better off than otherwise, while precluding policies which may break economic ties. “Because keeping open markets rests upon the assumption that the next set of transactions will also be determined by prices rather than coercion, a sense of mutual security is vital to avoid security-motivated searches for economic autarky”.⁵⁷ As a result, alliances are stronger and therefore will eventually lead to economic interdependence.

This chapter has accounted for different economic as well as political reasons to engage in trade with other countries. Economic reasons have been divided in two: efficiency and benefit-based reasons to trade. However, trade is not equally beneficial for trading partners, and it might be not beneficial in all cases. The *Heckscher-Ohlin Model* identifies inequalities in wages and economic progress, i.e., asymmetries among countries, that as a result of trading with developed countries, may generate losses in less developed ones. The second section has described the main political reasons to trade. Briefly, political theory identifies reasons to engage in trade activities as well as reasons to participate and develop institutions of the trade regime. Trading with liberal states generates bonds, thus making the idea of war a less appealing option. Developing bonds among trading partners will also have an impact on the foreign policy of liberal states, thus, giving additional reasons to favour peaceful schemes of cooperation. Finally, according to this last discussion, it is the institutional promotion of citizens’ interests, the ability of citizens to develop a plan of life within their state, that is eventually at stake when deciding whether to engage or not in international trade.

⁵⁶Doyle, M. W., (1986), “Liberalism and World Politics”, in Doyle, M. W., (2012), *Liberal Peace: Selected Essays*, Routledge USA & Canada. p. 72.

⁵⁷ *Ibid.*, pg. 1161.

The next section draws on the reasons to oppose voluntary failure to trade. It considers the political and economic reasons elaborated in the previous section and shows through a historical example how the consequences of voluntarily failing to participate in international trade or withdrawing from an international trading scheme may generate costs for countries.

1.4 The costs of voluntarily failing to trade: two examples

As was argued in the previous section, there are many instrumental reasons to engage in trading relations with other countries for economic, political, or cultural purposes. Among other possible reasons to participate in the international trading regime, it is relevant to consider that failures to do so may generate greater economic loss, thus resulting in a loss of economic and social development, progress, and welfare for the state and its citizens.

This section aims at describing the disadvantages and losses that a country may experience in the event that it decides to stay out of the international trading regime. It does so by first analysing Smith's criticism of mercantilism and second by looking at a historical example which shows the socio-political and economic costs that might be experienced by trading parties.

a) The losses from non-trade: Adam Smith and his critique of mercantilism

Adam Smith, in his seminal work *The Wealth of Nations*, makes both a description and a defence of the system of commerce, as he calls it⁵⁸. Smith offers an accurate description of the mercantilist commercial system of his century, including its strengths and weakness. In his well-known critique of the mercantilist system, Smith argues against the accumulation of gold and silver as an efficient way for achieving a wealthy nation. He particularly argues against the popular notion that wealth in a

⁵⁸ See Smith, A. (1776 first published, 1999 edition), *The Wealth of Nations Books IV-V*, Penguin Books, pp 5 – 28.

country consists of gold, silver, and money. On the contrary, he explains that it is precisely the high mobility of those metals that makes them a good option to purchase other consumable goods for the nation. In opposition to the popular belief that gold and silver should not be exported because then the country will lose its wealth, Smith holds that these exports will not only not diminish the quantity of those metals in the country, but they may be increased by foreign trade, thus enriching the country.⁵⁹

Smith gives a whole range of arguments in favour of an international system of commerce among nations, which favours the free exchange of goods and currency. In his view, freedom to trade, with the smallest possible amount of state regulation, will be beneficial for the wealth of the country. In the case of gold and silver, freedom to trade will provide the country with the amount of these metals it can afford to purchase and employ in circulating the country's commodities, among other uses. The amount of metals any country may afford to purchase is regulated by *effective demand*.⁶⁰ Those metals, according to Smith, should be exported and sent abroad to purchase commodities. The profit of this exchange will not come from the purchase but from the sale of the returns.

The sale of the returns will satisfy part of the country's necessities, thus increasing its wealth. Those manufactured goods that are sold to other countries will encourage manufacturers to increase their productivity, thus specialising in the production of a certain good.

Smith describes the commercial system in the eighteenth century with the aim of showing its advantages and the disadvantages that countries might experience when they decide to remain out of an international commercial system. There, Smith analyses different policies devoted to promoting or dissuading statesman or legislators, as he calls them, to participate in international trade with other countries. When analysing how the system of commerce among countries works, he mentions that in some states, such as France and England, certain policies that prohibited exports, primarily of gold

⁵⁹ Ibid. p. 8.

⁶⁰ Ibid. pp. 11-12. In this sense, Smith argues that: "When the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation."

and silver, were common ancient mercantilists policies. However, as he emphasizes, when these countries began to participate in the commercial system with other nations, such prohibitions were rapidly seen as inconvenient. The main reason was that those policies reduced the potential benefits of exchanges due to high tariffs and barriers.⁶¹

Another relevant disadvantage described by Smith regarding the problems associated with the mercantilist system is that the expense of purchasing unnecessary gold and silver will probably diminish the wealth of the country. In this sense, the author highlights that gold and silver, metals, as well as coins are nothing but tools, *utensils*, i.e., means that serve ends. As an example, the Scottish philosopher holds that in the event a country decides to export part of its gold and silver, this foreign trade will constitute by far the most insignificant part of it. He adds that this foreign trade strategy will render the country which does it worse off than in the case of more fruitful foreign trade strategies such as those promoted by free trade.

b) The losses from non-trade: The Jeffersonian trade embargo 1807-1809

Another forceful critique of the economic system of his time was directed against the colonies and the colonial system. In this line of thought, Smith criticises the potential foreign trading activities that were entailed by the discovery of America but were not carried out. He advocated the view that that discovery would have been a major occasion to trade with a new market that would have allowed new divisions of labour. He affirms, criticising the colonial system, despite disregarding other morally objectionable issues raised by the colonial practice, that an event that might have been beneficial to all parties, Europeans, and Americans, was not only not beneficial for the latter but ruinous and destructive, and less beneficial than it might otherwise have been to Europeans.⁶²

Another foreign trade brought about by the colonies was the export of materials to the East Indies. Smith holds that the exchange of commodities for gold and silver would have increased “the annual production of European commodities, and consequently the

⁶¹ Ibid. p. 7.

⁶² Ibid. p. 25.

real wealth and revenue of Europe”.⁶³ In contrast, the restraints imposed on the exportation of gold and silver has prevented this from happening, rendering European countries less wealthy than they might otherwise have been.⁶⁴

To illustrate the gains from trade, some economists use a famous example of the losses that some countries historically had as a consequence of refraining from trade and, in particular, from stopping the trading exchange with a trading partner. The example is the following: *The Jeffersonian trade embargo 1807-1809*. In the early nineteenth century, in an effort to pressure Britain, Thomas Jefferson decided to ban overseas shipping, as the British navy seized U.S. ships and recruited their crews into its service for the Napoleonic Wars. However, as a result of the embargo, the U.S. may have fallen about 8%. In the end, Britain did not seem to feel equal pain and Jefferson repealed the embargo fourteen months after it began⁶⁵.

Conclusion

This chapter has explored the different reasons countries might have to engage in international trade through different scenarios. Sections one and two clarify what we mean when we talk about trade. It then analyses the different values and theories that change how trade was governed throughout history and how the institutions of the trade regime supported them and evolved. It is argued that trade might generate social, political, and economic challenges, among other things due to the pervasive impact it generates on individuals, and how it impacts a state’s ability to take decisions that are of primary importance to its citizens. Institutions conforming the trade regime should provide the necessary background conditions for safe and secure trade by governing this practice according to proper regulations. Specifically, it argues that the institutions governing trade since the second phase of globalisation, namely, those founded as a result of the Bretton-Woods Agreements, have evolved in light of the different

⁶³ Ibid., pg. 27.

⁶⁴ Idem.

⁶⁵ Krugman, P. R., Obstfeld, M., & Melitz, M. J., (2012), *International Economics: Theory and Policy*, p. 36.

economic theories and values accepted in each period. The end of the GATT and the creation of the WTO instead of the ITO is one key example reflecting these dynamics.

According both to political and economic theory, states have political and economic reasons respectively to engage in trade exchanges. As was argued in the third section, according to the preeminent economic theory, international trade is, all things considered, beneficial in the long run and to the trading country as a whole. The global economy in general and the institutions of the market in particular, may be understood to promote three different features: first, the allocation⁶⁶ of goods and services among trading parties; second, the promotion of benefits to the parties involved in the exchange; and third, increased freedom to trade among trading partners. The identification of these three elements was highly influenced both by David Ricardo and Adam Smith. In the case of Ricardo, he settled the basis for the main economic models in international trade based on his well-known principle of comparative advantage. In the case of Smith, he highly influenced those economic models to trade due to his critic to mercantilism and feudalism practices.

Finally, countries have different political reasons to trade with other countries or trading agents. Political reasons take into account benefit and efficiency calculations, although those do not play a central role in their arguments. The main political reasons are motivated by Kantian ideas of how the international realm should work and the need for cooperation. There are thus, political reasons to trade along the lines of promoting a *cosmopolitan spirit* that make the case for *cosmopolitan commerce*. Peace and social and political progress and stability make the case to regulate economic integration among countries from a liberal perspective. The identified economic, social, and political benefits that trade might have in countries and their citizens create a framework to assess as morally problematic the voluntary failure to trade. This is illustrated by two historic examples. Institutions at the trade regime should govern trade considering these reasons.

⁶⁶ Note the difference between allocation and distribution of goods and services.

CHAPTER. 2 THE INTERNATIONAL TRADE REGIME

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.”

John Maynard Keynes, *The General Theory of Employment, Interest and Money*, from *Book IV – Short Notes Suggested by the General Theory*, pg. 384.

Introduction

Chapter One has provided a basic description of the perspective of the standard economic theory on free trade. Standard economic theory has argued that free trade among countries is beneficial in the long run and to the country as a whole. It admits, however, that there can be short term economic losses for some individuals within trading countries and for some trading countries overall⁶⁷. Although this view has been the more extended perspective among economists internationally, there have been critical voices arguing that international trade and economic globalization generate economic losses in the short and midterms among but also within countries. Vulnerable individuals such as low skilled workers in both developed and developing countries may be suffering economic and welfare loss due to economic globalization.

These two cases are however different, on the one hand, low-skilled workers in developed countries have been wronged, harmed, by globalisation, due to, but not only to, their jobs migrating to developing countries with cheaper labour. On the other hand, developing countries themselves have been both partially benefited and partially harmed depending on their own economic and trading policies. Countries like China and India had applied policies, in the case of China rather protectionist ones, enabling them to benefit from globalisation, technological advances and technology-related jobs. However, Africa resides on the other side of the story. The continent is suffering from a lack of technology and technological education, leaving Africans unable to participate

⁶⁷ For the standard economic argument in favour of free trade see Krugman, P., R., Obstfeld, M., & Melitz, M., J., (2012): *International Economics: Theory and Policy*, pp. 4, 24 – 26, 34, Boston: Addison Wesley.

in the global system as trading equals. The continent is also left behind due to the inability to apply the necessary policies due to increasing and unsustainable debt and trading agreements signed by developed countries under the WTO.

This context leaves a dichotomic image, on the one hand, inequality among developed and developing countries has improved; there is less inequality among countries trading in overall; on the other, inequality within developed and developing countries is increasing. Joseph Stiglitz is one of the most prominent critical voices. He claims that both building and improving international institutions responsible for the regulation of international trade is necessary to make globalisation work for everyone⁶⁸.

This chapter aims at making the case for institutions within the trade regime to have a duty to govern trade fairly. It gives reasons why these institutions should be able to identify inequalities generated by trade which are morally objectionable. To do so, this chapter is divided in two sections. The first section argues that global challenges such as international trade require collective action and that this urges both states and transnational institutions to cooperate. One characteristic of global challenges is that, to tackle them, domestic institutions do not suffice, and this may generate a duty both on states and on international institutions of the trade regime, to both cooperate and build transnational institutions when needed. The second section argues that those transnational institutions should focus on which and how inequalities generated by trade should be addressed beyond the standard economic theory. It describes how trade inequalities generated by the trade regime affect both transnational and domestic institutions and holds that there should be a *distribution of labour* among them to deal with such inequalities.

It concludes that there are at least three reasons to build international institutions governing trade aiming at protecting citizens when states do not suffice:

- (i) The trade regime generates challenges and outcomes that states cannot meet in isolation

⁶⁸ For an example of critics to the standard economic argument see: Stiglitz, J., (2006): *Making Globalization Work*, pp. 10-12 and 66 – 74.

- (ii) Economic institutions contribute to generate economic inequalities which have harmful effects in citizens from trading countries which makes the case for a duty to protect them beyond economic regulations
- (iii) The current design of key international institutions governing trade, mainly the WTO, illustrated by agreements and regulations such as the *Agreement on Trade-Related Aspects of Intellectual Property Rights* have been widely criticised due to its inability to consider least developed countries interests and its contribution to perpetuate inequalities among countries.

This chapter finishes the first part of the three main parts in which the dissertation is divided. The main goal of the first part has been twofold: first, to introduce the main economic concepts and models that should be considered to understand what international trade is about and, broadly, the rationale of economic views; and second, to present some of the main empirical and descriptive elements of international trade and the trade regime, and their treatment from an economic perspective. It finally aimed at introducing some key concerns such as the impact of trade in trading countries and citizens, arguing that it might make the case for developing a normative perspective on the subject.

2.1 The duty to create international institutions when states do not suffice

Domestic social policy, i.e., political decisions regarding social issues, and therefore social justice⁶⁹, does not depend only on domestic decisions taken at the corresponding domestic institutions, but a great deal of it has become an international issue, i.e., a matter of international concern. There is a variety of reasons for this. Among others, it

⁶⁹ The term ‘social justice’ can be understood, and thus used, in light of different views. Authors such as Miriam Ronzoni uses the term ‘social justice’ to refer to socioeconomic justice. I use the term in the broad sense, which implies that social equality is subsumed under it, for the sake of the argument. This use of the term is also characteristic of ambitious variations of relational egalitarianism. See: Ronzoni, M., (2009): ‘The Global Order: A Case of Background Injustice? A Practice-Dependent Account’, 37 *Philosophy & Public Affairs* 229. p. 229, footnote 1. For an enlightened discussion on the different views of relational egalitarianism in light of their understanding of social equality as equal to social justice and their capacity to account for unequal social status, see: Christian Schemmel, ‘Social Equality - or Justice?’, *Oxford University Press*, 6.38 (2015), 145–66.

might be said that global challenges affect citizens in different states and thus, states should take collective action, they should coordinate, to face such challenges. Another well-known argument holds that global challenges cannot be faced by states alone, i.e., these challenges require more than a state's institution to deal with them – instead they call for cooperation and make the case for the design of transnational institutions⁷⁰.

In the case of international trade, the process of globalization has given enough power to international governance institutions, such as the World Bank and the World Trade Organization, to condition and determine the welfare of each states' citizens (not only to those participating in the OCDE, but also to those outside it, just by virtue of being *outside*). This section will argue that, when states do not suffice to deal with global challenges, such as international trade, the demands of citizens affected by these challenges should be taken into account by international governance institutions.

a) When states do not suffice

The argument that domestic policies do not merely depend on domestic institutions is particularly clear in the concrete case of international trade and the financial market. As mentioned in Chapter One, one of the most successful agreements that gave raised to an international trade regime was the so-called Bretton Woods Agreements. The Bretton Woods Agreements created both a new international trade regime and two new global governance institutions: the International Monetary Fund and the World Bank. These agreements constituted one of the most important and lasting international trade regimes of the last century. Most importantly, this situation generated stability both in the international trading regime and in states participating.

Data confirms this assumption: between 1948 and 1990, the years in which the eight international negotiations gave rise first to the Bretton Woods Agreements, then to the GATT, and finished with the creation of the World Trade Organization in 1995, the world trade volume grew at an annual average rate of 7%. This was beyond any

⁷⁰ I will use the term transnational, supranational, and international interchangeably.

previous global growth rate. The production levels both of rich and poor countries rose with the rapid peak in trade.⁷¹

In this framework, one of the most important commitments signed was to allow for enough international progress and discipline in furtherance of commercial liberalization while allowing different states to cope with their particular social and economic issues in several ways and without the intervention of the recently created international trade regime. That is to say, cooperation among states according to the newly established trading regime developed along the lines of, on the one hand, economic integration among states and on the other hand, domestic concerns of democracy and social justice. Under this logic, international economic agreements should be submitted or at least should take into account domestic interests and policies by virtue of employment, economic growth, equality, social protection, regional development, and the welfare state. That is to say, the impact of international trade in states' citizens was one of the main reasons for setting the basis of international cooperation.

In this scenario, globalization was fostered by economic growth in light of equality, security, and stability gained in part by the Bretton Woods Agreements.⁷² Economic growth of a majority of the new agreements' state signatories contributed to the trend of globalization and economic integration worldwide. Both globalization among countries and economic integration were developed through and contributed to the distributive effects of global trade.

Different alternatives organising the global economic system and the trading regime through cooperative institutions generate different distributional effects and distributional schemes which have an impact on, among other things, regional development and poverty alleviation. These consequences have raised several inquiries and debates in political and moral and political philosophy, among others, that this thesis addresses in part two of the dissertation. John Rawls, the most important political philosopher of the XXth century addressed this type of distributional challenge. Rawls

⁷¹ Rodrik, D., (2011). *The Paradox of Globalization* pp. 91

⁷² Rodrik, D., *The Paradox of Globalization* pp.90

argued that cooperative organisations may have “unjustified distributive effects”⁷³ and these effects make the case for regulating such institutions with “a principle of common interests. According to this principle, institutions are ranked by how effectively they guarantee the conditions necessary for all equally to further their aims, or by how efficiently they advance shared ends that will similarly benefit everyone.”⁷⁴

The distributive effects of global trade are of various types. These effects include distribution of capital, goods, and services among countries, firms, markets, and citizens, changing the levels of regional development and technological development which help change the distributive scheme both domestically and globally. This distribution strengthens economic integration among countries on the one hand and contributes to the allocation of different goods among and within countries on the other. That is to say, in this case, as mentioned, domestic economic policies were designed in light of both the guidelines of political economy established by the Bretton Woods Agreements and domestic particularities including the post-colonial global dynamics of power-relations. In other words, domestic policies were designed within the limits of citizen’s needs and welfare requirements to further their aims.

One relevant factor of the Bretton Woods agreements that arguably shift the global economic trend towards liberalization was the important restrictions on agriculture that maintained strong tariffs. Other features which remained outside liberalization were services such as insurance and banks. These agreements (Bretton Woods Agreements and the subsequent General Agreement on Tariffs and Trade, GATT) deliberately decided to give priority to the state’s requirements and domestic-tailored policies in cases of conflict between domestic and international requirements. The post-World War II economic system combined fixed exchange rates stability with domestic macroeconomic policies in favour of limited national autonomy⁷⁵. Cases of conflict include liberalization policies that recommend openness to international markets into

⁷³ Rawls, J., (1999): *The Law of Peoples*, pg. 43.

⁷⁴ Rawls, J., (1999): *A Theory of Justice: Revised Edition*, vol 5 <<http://www.mediafire.com/?cj2zlxccc3fuc14%5Cnpapers2://publication/uuid/B4578407-EBD9-4370-A473-357C20C3DF33>>. Pg. 83.

⁷⁵ Paul R Krugman, Maurice Obstfeld and Marc J Melitz, *International Economics : Theory and Policy*, vol New York, (2012), pg. 505, 521-525.

countries where the economy may not be clearly benefited by these measures in the long term. That is to say, there was no space for policies that favoured the global economy by damaging the domestic one, either deliberately or as unintended consequences.

The common belief that globalization in general and international trade in particular fostered economic growth and diminished poverty within countries, thus reducing inequality among countries, was not translated into beneficial rules for all. One of the main measures defended by the Bretton Woods architects was that in order not to penalise countries with different endowments which could be harmed by openness to the international economy, these countries could freely decide on whether they stick to the monetary policy encouraged by international agreements, or whether they follow “domestically oriented” monetary policies.⁷⁶ To illustrate this, one of the clearest cases was the example of China.

From 1985 to 2000, China experienced a trade to GDP ratio increase from 21 to 49, in nominal terms.⁷⁷ This period coincides with the trading regime governed by the General Agreement to Trade (GATT) and the first five years of the creation of the WTO in 1995. During those years, China followed an export-oriented industrialisation model,

⁷⁶ This alternative is described by the standard economic theory as follows: “In essence, the system was based on the presumption that movements of private financial capital could be restricted, allowing some degree of independence for domestically oriented monetary policies. The new system thus was diametrically opposed to the gold standard’s subordination of monetary policy to external considerations such as freedom of financial flows. After the experience of high interwar unemployment, the architects of the Bretton Woods system hoped to ensure that countries would not be forced to adopt contractionary monetary policies for balance of payments reasons in the face of an economic downturn.” Krugman, Obstfeld and Melitz, (2012): *International Economics, Theory and Policy*, pg. 519.

⁷⁷ *Nominal* is a measure of how income is created and distributed within countries as an effect of international trade, to wit: “The nominal interest rate is the deposit rate on 12-month deposits as reported in the International Monetary Fund’s (IMF) *International Financial Statistics* (various issues; the variable is 60L ... ZF). The real rate is obtained by deflating the nominal rate by the 12-month consumer price index (also as reported in *International Financial Statistics*) Government expenditures are the sum of central (consolidated accounts), local, and state or provincial government expenditures.” See: Branko Milanovic, ‘Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys’ (2005) 19 World Bank Economic Review 21, footnote 13, pg. 30. It is used as an alternative to other measures of the relationship between international trade and income inequalities within countries such as the Dollar-Kraay measure and the trade to GDP in current prices. According to Milanovic, openness measurement determines the relationship between international trade and income inequality within countries. In other words, “The key question is, which approach makes more sense? When the relationship of interest is how important international trade is for income creation and income distribution in a given country, it is the trade to GDP ratio in nominal prices that matters.” See: Branko Milanovic, ‘Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys’ (2005) 19 World Bank Economic Review 21, pg. 37 – 40.

but it did not open to the world until 1979.⁷⁸ The political economy measures taken by China since 1978, such as The Household Responsibility System, Township and Village Enterprises, and Special Economic Zones, among others, highly contributed to its growth in this period. This was contrary to the standard economic theory at the time which would have suggested that China leave the socialist economic regime and activate private property, corporatization of state enterprises, and deregulation and price liberalization among other measures to ensure production and investment.⁷⁹

In this period, the citizens' welfare was dependent on the global economy to a limited extent. Following the trilemma proposed by Dani Rodrik in which "the nation-state system, democratic politics, and full economic integration are mutually incompatible"⁸⁰, countries participating in a regime such as Bretton Woods did not unilaterally favour full economic integration above the nation-state system. Despite this, they could adjust domestic needs for participation in the global economic system. In addition, each state had compensatory mechanisms, and it was sufficiently discretionary to mitigate the effects, distributive and otherwise, of international trade. The state was accountable to its citizens as far as it was in charge of the policies according to which its citizens' (legal) activities were regulated. In this sense, each citizen could protest and demand accountability from her state and decide through elections or civil disobedience, in the case of democratic regimes. Finally, the Bretton Woods regime ended with the foundation in 1995 of the World Trade Organization.⁸¹

The global economic system pervasively affects citizens of participating and non-participating countries. In this scenario, countries are responsible for their citizens' well-being and should ensure that each one has the same opportunities to pursue its aims. However, states may not suffice to protect their citizens' welfare and interests due to the inability of domestic institutions to deal with global challenges in isolation in light of their complexity and scope. In this case, as states are not capable of protecting their citizens, a duty to build protecting institutions arises, assuming they are feasible.

⁷⁸ B. *Trends in International Trade*, World Trade Report 2013, pg. 55.

⁷⁹ Rodrik, D., (2002): "Feasible Globalizations", NBER Working Paper Series, pg. 8.

⁸⁰ Ibid, pg. 1.

⁸¹ Rodrik, D., *The Paradox of Globalization* pp.90

b) International institutions dealing with global challenges

Participation in the global economic system raises concerns of global social policy, understood as the political concern for how societies respond to basic human needs such as employment, poverty relief, security, etc, within and among countries. These activities that were traditionally analysed from a domestic perspective, have become global in scope for several reasons. Social policy concerns, such as concerns of social justice, have been gradually considering the extension of their scope from domestic to global. The analysis of global social policy includes the regulation of the relatively newly established global and transnational institutions such as the WTO, the UN, and the EU, respectively. These institutions should be designed to manage supranational and global concerns of social justice. Along this line, the agenda of global and transnational institutions, although with noticeable differences among them, has recently included the goal of contributing to social justice. To do so, these institutions call for regulation in accordance with these requirements.

Before the establishment of the aforementioned global institutions, concerns with social policies such as employment policies used to be limited to the domain of sovereign states. However, since the creation of international institutions and the rise of globalization and its effects, including those at the international trade regime, social policy concerns have become part of these institutions' agenda. In this sense, according to global social policy, there are three main features in addition to what has been mentioned that make the case for the regulation of social challenges at transnational institutions, to wit:

- (i) International competition among countries participating in the international economic system may leave aside the economic costs of social protection in case they are not encouraged to do so by the international regime in general and the international trade regime in particular.

- (ii) To mitigate the alleged economic consequences of mass migration, measures such as income transfers would be considered.
- (iii) Common markets both of capital and labour make the case for protecting citizenship rights that are not otherwise protected by nation-states.⁸²

One main consequence of global challenges illustrated by the three reasons just mentioned to regulate international institutions is that national sovereignty, i.e., the power of national governments declines in the face of the management of global challenges. Dealing with global challenges means identifying which agents can act as actors at the supranational level. It identifies which instruments can be used by these actors to allow them to redistribute resources, regulate international competition, and contribute to global social policy among other tasks. In addition to the decline of national power and sovereignty, dealing with global challenges raises another characteristic of the international realm: interconnectedness and thus, interdependence.

One prominent example of this characteristic is the supranational bodies of the European Union. The institutions of the European Union exert influence in all their Member States through the Luxemburg Court of Justice in general, and the Social Charter of the Council of Europe treaty in particular. They generate free trade and between-country redistribution. One distinctive characteristic of the EU is that it has the capacity to influence national social policy and the social regulation of trade.⁸³

These cases illustrate the claim that cooperative international institutions generate different distributive effects, which vary depending on how they are regulated. In this sense, the regulation of supranational institutions dealing with the global economic system and particularly with trade, should consider at least two main arguments:

⁸² These three main features that make the case for building international institutions and implementing regulations for domestic rights at institutions within the transnational regime, were first identified, in chronological order, by P. Kosonen, 'Competitiveness, Welfare Systems and the Debate on Social Competition', paper presented to the RC19 Conference on Comparative Research on Welfare State Reforms, International Studies Association, University of Pavia, Italy, Sept. 1995; F. Castles, *Families of Nations* (Aldershot, 1993); and R. Baubock, *Transnational Citizenship* (Cheltenham, 1994), and then summarized by Bob Deacon at Deacon, B, (1999): "Social Policy in a Global Context", pg. 211,212, at Andrew Hurrell and Ngaire Woods, *Inequality, Globalization, and World Politics* (Andrew Hurrell and Ngaire Woods eds, Oxford University Press.

⁸³ Deacon, B, (1999): "Social Policy in a Global Context", pg. 216 - 218, at Hurrell and Woods (eds.), (1999): *Inequality, Globalization, and World Politics*, pg. 216-220.

(A) Almost every country in the world is affected by the global economic system, whether actively participating in the system or not.

(B) Local and regional economies, and thus their socioeconomic development is pervasively conditioned by foreign investment.

Argument (A) holds that almost every country in the world is affected by the international economic system. Countries actively trading internationally under the framework of the global economic system and the trade regime, cannot be excluded from participating in the system (from suffering an economic boycott from other countries) except on truly specific grounds. For example, country A trading with country B could boycott the latter based on moral reasons such as in the case in which country A sells weapons to country B, but this country is using them against another country, country C, in a way that does not comply with the Universal Declaration of Human Rights by, for example, participating in an unjust war.⁸⁴

As a matter of fact, supranational trading relationships are established under an institutional framework including supranational institutions such as the WTO, the IMF, the ECB in Europe and the WB among others. Sharing institutions generates interdependencies among participant countries⁸⁵. However, countries which do not share supranational institutions may be conditioned by global economic practices in terms of market failures such as good and bad externalities, which may, in turn, impact their socioeconomic development.⁸⁶

Argument (B) claims that local economies are directly and profoundly affected by foreign direct investment, although direct foreign investment has no effect on income

⁸⁴ Further examples of boycotts against countries on moral grounds can be seen here: Risse, M., (20057: "Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument", 6 *Politics Philosophy Economics* 355.

⁸⁵ In addition, some authors such as Aaron James establish their moral analysis of international trade based on the conceptualization of trade as a shared practice with continuity that needs the establishment of stable structures, to wit: "The global economy is constituted, in a fundamental sense, by an international social practice in which societies mutually rely on common markets. This shared practice raises a general issue of "structural equity," that is, equity in how different countries and their respective classes are treated within the common market reliance relationship." James, A., (2012): "Main Ideas", in *Fairness in Practice : A Social Contract for a Global Economy*, pg. 3.

⁸⁶ This idea is developed in: Dani Rodrik, 'Premature Desindustrialization' [2015] *Journal of Economic Growth* 1;

distribution⁸⁷. International trade and international lending highly condition domestic socioeconomic features that help define the development of regions and countries. In addition, it might be said that the global economic system offers no reasonable alternative to developing countries other than to participate in the international regime. Domestic policies at these countries have been directly and indirectly affected and influenced by the global market.

To illustrate the case of how the market and the international trade regime condition, either directly or as a side effect, developing countries and countries not participating in international trade, it is worth looking at cases of landlocked countries and how this characteristic affects their socioeconomic development in a globalized economic system. Landlocked countries are prevented from trading through the sea. They pass a transit country to access world markets, and this characteristic diminishes their socioeconomic development and growth due to their tendency to reduce investment in technology. It undermines their comparative advantage, thus trading less and suffering from higher transport costs.⁸⁸ Landlocked countries, particularly, suffer from the fact that trade regime, welfare, and investment depend on three features:

- (i) The costs of investing in the new technology
- (ii) Binding contracts
- (iii) The nature of fees

Thus, it can be said that the trade regime exerts an unavoidable and pervasive impact on the states' citizens, and this impact should be dealt with by collective action and

⁸⁷ See: "Direct foreign investment is not statistically significant, whether alone or interacted with income. Neither is real mean income alone. Financial depth, as expected, increases the income share of the poor and middle class and reduces the share of the top decile." In Milanovic B., (2005): "Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys", pg. 33.

⁸⁸ Landlocked countries worldwide are particularly poor: "Outside Europe average gross domestic product (GDP) per capita in coastal economies is around 4900 US dollars whereas for landlocked countries it is a very harsh 600 dollars. Landlocked countries are also less developed than coastal economies in other aspects related to the quality of life and development (...) outside Europe, landlocked countries export a lower share of commodities that are more likely to require high up-front investments, such as products requiring specialized suppliers, large scale or science-based inputs." See: Friberg, R. and Tinn, K., (2009): "Landlocked Countries and Holdup" and Stern, R. M., and Deardorff, A. V., (2006): "Globalization's Bystanders: Does Trade Liberalization Hurt Countries That Do Not Participate?", 34 World Development 1419, pg. 2,4. P. Casal and N. Selamé, "Sea for the Landlocked. A Sustainable Development Goal? Journal of Global Ethics 13(3): 270-79.

cooperation through international institutions. This case generates another scenario, i.e., in addition to the argument in favour of making already generated international institutions just, there is another case which might be explored: the duty to build new institutions.

Cooperation among states may result in building international institutions⁸⁹ that can account for the aforementioned effects of global challenges such as climate change, the global economic system and, particularly, international trade. In this sense, global challenges which call for international cooperation make the case to comply with the natural duty of justice to bind institutional agents and build just institutions when they are either unjust or do not exist.⁹⁰ This natural duty makes the case for the design of such institutions according to a set of principles that should account for each citizen's well-being.

Along these lines, the case for building new justly regulated international institutions to deal with global challenges may be motivated by two different features:

- (i) Cases in which states' institutions are not enough to secure their citizens' well-being due to the absence of well-functioning institutions.
- (ii) Cases in which domestic institutions may not be capable of properly dealing with global challenges due to their scope and complexity.

Despite the role that the *natural duty* of justice plays in Rawls's theory of justice, the literature has questioned it and most importantly, its role in the international scenario. One of these critics is Laura Valentini. In a recent article, Valentini briefly argues that the *natural duty* to build new institutions in cases in which the existing ones are either

⁸⁹ Another relevant feature of such institutions is that, according to a Rawlsian view, these proposed institutions may be those which define the background scheme of a society, and which aim at promoting and warranting justice and stability within it.

⁹⁰ Natural duties, understood as unconditional obligations, often refer to the individual level. For example, in the case of the Rawlsian account, he identifies different types of natural duties to individuals. The most relevant natural duty is the so-called natural duty of justice. In this account, the basic definition of the so-called natural duty of justice is the following: "We should note that, since the principle of fairness may establish a bond to existing just arrangements, the obligations covered by it can support a tie already present that derives from the natural duty of justice. Thus, a person may have both a natural duty and an obligation to comply with an institution and to do his part. The thing to observe here is that there are several ways in which one may be bound to political institutions. For the most part the natural duty of justice is the more fundamental, since it binds citizens generally and requires no voluntary acts in order to apply." See Rawls, J., (1999): *A Theory of Justice Revisited*, pp. 100.

unjust or do not exist, in the case in which international agents do not comply with their foreseen duties, is not successful since *non-compliance* features limits the *natural duty* of justice⁹¹. As an alternative, Valentini proposes a duty-based normative framework, i.e., to argue from a duty of beneficence or mutual aid in cases of *non-compliance*⁹².

This section discussed the reasons in favour of, first, regulating international institutions to deal with the effects of international challenges and, in particular, with the effects of the global economic system and international trade. To so do, it has distinguished two different scenarios: first, it has addressed cases in which international institutions dealing with the global economic system already exists and, second, cases in which either the needed international institutions do not exist or are unjust. It has argued that, to make the second scenario just international institutions should be either regulated or built in accordance with the *natural duty* of justice. Finally, it has considered a key complication for the application of such a duty: *non-compliance* cases. It has finally mentioned that this further consideration of the application of the *natural duty* is based on the argument that an application of the duty of justice that does not consider *non-compliance* cases does not make the case for just institutions as it is highly dependent on the *status quo*.

2.2 Institutions dealing with trade-related inequalities

This section describes some of the most fruitful approaches to the effects of the global economic system and the international trade regime in the well-being of societies and citizens within countries. It briefly explores the possibility of a division of labour both among domestic and international institutions in charge of regulating global challenges.

⁹¹ In this regard, she argues the following: “(...) *the more unjust the status quo is due to non-compliance with the demands of justice, the less demanding the natural duty of justice becomes.* (...) Since, ex hypothesis, such a global organization is absent – after all, we are discussing the duty to create one – no state can have role responsibilities qua member of a non-existing institution. This means that the normative materials for a justice-based duty to pick up the slack are missing from the start.” (Italics from the original). Valentini, L., (2017): “The Natural Duty of Justice in Non-Ideal Circumstances: On the Moral Demands of Institution Building and Reform”, pg. 2, and 14.

⁹² She argues that: “Duty-bearers are left with some discretion regarding how best to discharge the demands of beneficence: e.g. donating to this or that charity, helping this or that person and so forth. But when it is manifest that the most effective way of assisting the needy is through contributions to institutional reform, taking the demands of beneficence seriously requires us to do just that.” Valentini, L (2017): ‘The Natural Duty of Justice in Non-Ideal Circumstances: On the Moral Demands of Institution Building and Reform’, pp. 11.

To do so, it first begins with an illustration of the effects of trade-related inequalities in societies considering the economic data available. Second, it recalls and briefly discusses the reasons why domestic institutions are affected both by global challenges and international institutions dealing with them. Finally, it argues that trade-related inequalities might be dealt with through a division of labour among institutions with different scopes and duties, when it is feasible and when states do not suffice to deal with them.

a) The effects of trade-related inequalities in domestic societies

The previous point argued that the effects of trade-related inequalities on citizens' well-being are pervasive. The global economic system and the trade regime not only condition citizens' well-being but also their opportunities to advance and pursue their aims in an. Particularly, the effects of both the trade regime and trade-related inequalities help raise social concerns both within and beyond domestic frontiers. These social claims include basic human needs such as education, security, health, employment, and poverty relief, both among but also within countries.

Economic data confirms that globalisation has an impact in socioeconomic inequalities within countries. Trade impact in income distribution within countries may be of different kinds, to wit: favourable, neutral, or negative. The following subsections describe how globalisation contributes to inequalities within societies and how they affect both socioeconomic concerns and development, and individuals' well-being.

2.2.1 Inequalities within countries and the effect of globalisation in income distribution

It is not controversial to affirm that globalisation and the global economic system may help widen inequalities within countries, generating trade-related inequalities, at least in the short term. As mentioned in Chapter One, Section One, the standard economic argument in favour of globalisation and the current global economic system holds that globalisation is good for almost every country, i.e., it creates growth and directly contributes to socioeconomic development in the long run. Indeed, according to various sources, globalisation has reduced inequalities among countries worldwide and has

improved absolute poverty rates worldwide.⁹³ However, the debate on how globalisation impacts inequality within countries remains unclear. Among the various models which have tried to explain inequalities within developed countries in the era of globalisation, there is one fact that remains clear: less skilled workers have lost income and wealth, whereas high skilled workers have gained income and wealth in developed countries, thus raising inequalities within countries.⁹⁴

One popular economic model (Goldin and Katz, 2010) uses two main variables to explain this phenomenon: education and technology. According to this model, there is a race between education and skill-biased technological progress led by high-skilled workers. The paradox at this point lays in the fact that economists who proposed this model hold that development within countries will decrease inequalities since more and more people will become more educated, thus, they will become high-skilled workers, and the technological change will stop contributing to inequality within countries. However, as Branco Milanovic notes, this argument has been contradicted by the facts.

It is relevant to say that although inequality within countries can be widened, it is bounded and cannot grow *sine die*.⁹⁵ The limit of inequality is presented as what is called the “inequality possibility frontier”. Briefly, this concept illustrates the situation of maximum possible inequality according to which no person would be below the subsistence level of income and wealth, although they would not be far from it, and only a tiny elite would own most of the income and wealth. The limits of inequality are of various types, and thus, they are characterised as mechanisms that contribute to the reduction of inequalities. There are various features that explain reductions in inequality, however, they can be summarised in two main forces that reduce inequality, to wit: *malign* and *benign* forces.

⁹³ According to the World Inequality Report 2018: “The poorest half of the global population has seen its income grow significantly thanks to high growth in Asia (particularly in China and India). However, because of high and rising inequality within countries, the top 1% richest individuals in the world captured twice as much growth as the bottom 50% individuals since 1980. Income growth has been sluggish or even zero for individuals with incomes between the global bottom 50% and top 1% groups. This includes all North American and European lower and middle – income groups.” See: <https://wir2018.wid.world/> pg. 7.

⁹⁴ Milanovic, B., (2016): *Global Inequality: a New Approach for the Age of Globalization*, pg. 47.

⁹⁵ More specifically, Milanovic holds that the characteristics that limit inequality are the following: “(...) it [inequality] is bounded from above by such factors as the complexity of modern societies, social norms, large social transfer systems funded by taxation, and the threat of rebellion.” Ibid, pg. 49.

Malign and benign forces to reduce inequality act differently in developing and developed societies. While malign forces include events such as wars and civil conflict, benign forces refer to social pressure through politics (trade unions), widespread education, ageing populations, and technological change favouring low-skilled workers.⁹⁶

To explain the counterintuitive fact that inequality in developed countries rose despite the increase in features reducing inequality such as benign forces, Milanovic argues that this increase in inequality within countries was driven by three main factors:

- (i) The technological revolution and skill-biased technological change
- (ii) Wage-stretching (which has been particularly salient in the US)
- (iii) Globalisation⁹⁷.

Regarding globalisation, since 1980 the amount of available labour has increased substantially, among other factors due to the incorporation of China in the global labour market, and this has weakened trade unions negotiating power, thus paving the way for a renegotiation of income in favour of owners and investors. In this sense, and as standard economic theory argues, it can be said that globalization and its effects on labour, such as in the example of China, may have effects on income distribution.⁹⁸ In addition, this may well be illustrated with the example of the case of the poorest deciles worldwide, i.e., the poorest of the poor. Workers at the lowest deciles of poor countries seem to be the relative losers of trade increases among countries, contrary to what both

⁹⁶ Ibid, pg. 56.

⁹⁷ In this sense, other relevant economists have argued that globalization contributed to inequality within the country, to wit: “within nations globalization has often directly or indirectly contributed to a rise in inequality. Directly, because it has lowered the relative compensation for unskilled labor in developed countries which face direct competition from the cheap labor costs of emerging economies, and also because it has increased the profits and remuneration of capital and highly skilled labor across the world.” Bourguignon, F., (2015): *The Globalization of Inequality*. Princeton, N.J.: Princeton University Press, pg. 117. Cited in Milner, V., H. (2018): ‘Globalization and Its Political Consequences: The Effects on Party Politics in the West’, pg. 16.

⁹⁸ Milanovic, B., (2005): “Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys”. In this article, Milanovic argues, with an evidence-based framework, that income distribution in both developed and developing economies is affected by globalization through the new data base called World Income Distribution (WYD). This data base is available at: <https://datacatalog.worldbank.org/dataset/all-ginis-dataset>

the economic theory and the policy prescriptions of international organisations affirm. These people would have been better off with either less trade exchanges or in an autarky.⁹⁹

However, in light of these harmful effects of international trade and globalisation, there are political mechanisms and regulations that may, if not outweigh, at least help control the increase in trade-related inequalities within countries. One prominent example is democracy and democratic governments. One main characteristic in line with benign forces is the fact that democratic governments have been proved to raise income shares of the middle class (the middle deciles of the population), with a neutral effect for the rest, including the lower and higher deciles of society. Another main characteristic of democracies and modern developed states in line with those benign forces that help reduce inequalities within countries is their redistributive function. Through public policies and public expenditures ensuring education and health, modern developed societies contribute to reducing trade-related inequalities¹⁰⁰.

As we have seen, trade-related inequalities and inequalities within countries have a pervasive impact on the life of citizens and on how they pursue their life's goals. However, political mechanism in democratic countries help control such inequalities. Inequalities in health, security, employment, and education among others, which can increase as a partial effect of globalisation and international trade, can be controlled or softened by benign forces including political mechanisms such as trade unions, taxation, and technological change favouring low-skilled workers, etc.

In this sense and in line with what was previously identified as malign and benign forces that help reduce inequalities within countries, Milanovic identifies five specific forces that may reduce the increase in inequality within developed countries to wit:

- (i) Political events that can change redistribution through taxation and other policy measures
- (ii) The race for greater education and skills

⁹⁹ Ibid, pg. 41.

¹⁰⁰ Idem.

- (iii) Changes in technology-related incomes acquired in the first years of the technological revolution
- (iv) To make income converge globally by raising wages in developing countries such as India and China
- (v) To dedicate technology to compensate the productivity of low-skilled workers. However, he admits that the fifth recommendation is highly speculative.¹⁰¹

2.2.2 The various effects of trade-related inequalities

In light of what was mentioned in the last section, it might be said that globalisation helps generate trade-related inequalities within countries in at least two ways:

- (i) An increase in international trade in some cases results in an increase in inequalities within countries
- (ii) Factors reducing inequalities including fiscal policies such as taxation depend highly on political measures and national governments which are, in turn, conditioned by institutions at the international trading regime such as the WTO and transnational institutions dealing with international trade.

Thus, political decisions within countries may help to either limit trade-related and non-related inequalities or to widen them. Inequalities that can be managed politically include inequalities in education and health, security, and unemployment, i.e., social policy concerns. In addition, as was seen previously, globalisation has an impact on income distribution within countries.

Whether an increase in international trade constitutes a direct or an indirect cause of an increase in trade-related inequalities within countries remains an open discussion. According to some economists, there was a consensus around the idea that globalisation before 2000 generated winners in rich countries, mainly high-skilled workers, and losers, mainly low-skilled workers. In contrast, globalisation in developing countries

¹⁰¹ Here I paraphrase Milanovic, B., (2005): “Can we discern the effect of globalization on income distribution? Evidence from household surveys” pg. 113-116.

generated winners, mainly low-skilled workers, and losers, mainly high-skilled workers¹⁰². To assess this argument, it is necessary to take into account that, since 2000, competitiveness, i.e., international competition, is strongly relying on international production networks and global supply chains, rather than on national production¹⁰³. In this sense, winners and losers of globalisation are more difficult to be classified in accordance to their skills or education, but on what is called a stage-by-stage competition which makes the winners and losers more difficult to predict, thus making the case for uncertainty and insecurity for workers.¹⁰⁴ The examination of these cases of harmful inequalities related to participation in international trade and the trade regime is considered in more detail in Chapters Six and Seven. For now it suffices to consider some of its consequences.

The various effects of trade-related inequalities pervasively impact citizens, and in some cases, this impact is considered harmful. Trade-related inequalities contribute to the effects generated by inequalities within countries. Now such effects may be harmful and a subject of concern for different reasons. In this sense, there may be reasons to be concerned with harmful trade-related inequalities due to the need to reduce the difference between those advantaged and those disadvantaged by trade, such as in the case of a loss of power for trade unions and a gain of power for multinationals¹⁰⁵. These cases constitute one of the main focuses of trade justice theories. This analysis is described in more detail and discussed in Chapters Four to Seven.

¹⁰² See how an increase in trade affects the poorest of the poor in developing countries measured by the impact of globalization on income distribution within countries in Branco Milanovic's paper: Milanovic, B., (2016): *Global Inequality: a New Approach for the Age of Globalization*. As Helen V. Milner argues: "Just like technological change, trade increases the relative demand for high-skilled workers, as well as the nominal wages of high-skilled workers relative to low-skilled workers in developed countries (Acemoglu 2003). However, trade increases the purchasing power of poor, low-skilled workers by enabling them to purchase a more affordable and wider variety of imported products therefore increasing their wages in real terms." See: Milner, V., H. (2018): 'Globalization and Its Political Consequences: The Effects on Party Politics in the West', pg. 15.

¹⁰³ Baldwin, R., E. (2016): *The Great Convergence: Information Technology and the New Globalization*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press, pg. 175. Cited in Milner, V., H. (2018): 'Globalization and Its Political Consequences: The Effects on Party Politics in the West'.

¹⁰⁴ Milner, V., H. (2018): 'Globalization and Its Political Consequences: The Effects on Party Politics in the West'. pg. 18.

¹⁰⁵ Although I do not wish to claim that this is a zero-sum game, there has been a decrease in the role of trade unions and an enhancement in the role of multinationals.

On the other hand, trade-related inequalities may be harmful in the broad sense, i.e., they can produce instrumental reasons to be concerned with the difference between those advantaged and those disadvantaged by trade. Those reasons include various effects of inequalities in income and wealth to which trade-related inequalities may contribute, in certain societies, to wit: discrimination, stigmatization, and situations of domination, which in turn erode the conditions that make equality of opportunity a fair process, thus eroding social mobility within societies.

This erosion may generate illegitimate political institutions due to the fact that some individuals have an unjustified advantage over others, among other unfair consequences and side effects. One main effect of the erosion of the conditions that make fair the distribution of positions of advantage is the unjustified unequal political influence of some individuals. In these cases, it may be said that, in order to face trade-related inequalities it would be completely insufficient to focus on trade measures alone, since the impact of these inequalities generates further challenges within societies that call for action beyond trade measures and beyond domestic institutions.

Globalisation has an impact on income inequality. However, trade-related effects on income inequality within countries strongly depend on the context and specific characteristics of each country. Countries that experience an increase in inequalities in income and wealth due to an increase in trade are exposed to various effects generated by trade-related inequalities, including discrimination, stigmatization, weakened trade unions, and erosion of social mobility. Social mobility refers to the possibility that individuals have within a society to move up or down the social ladder. There are two types of social mobility, to wit:

- (i) *intra-generational*, when it occurs within a lifetime
- (ii) *inter-generational*, when it happens from one generation to the other, i.e., when the offspring are better off than their parents were at the same age.¹⁰⁶

¹⁰⁶ Wilkinson, R., and Pickett, K., (2009): *The Spirit Level: Why More Equal Societies Almost Always Do Better*, Penguin Books, pg. 157. At this point it should be added that the account by Wilkinson and

Social mobility is associated with the idea of equality of opportunity, that is to say, the chance to move up the social ladder depends strongly on the opportunities that societies provide their citizens to improve their well-being, i.e., their economic situation and social status.¹⁰⁷ When equality of opportunity is ensured in a society, virtually anyone can change their economic and/or social position and be better off. However, various economists have shown that income inequality may have effects in the requirements established by a fair process of equality of opportunity, such as unequal access to education.¹⁰⁸ As Chapter Seven explains, unequal opportunity might generate situations of injustice such as: first, unjustified accession policies in higher education institutions due to stigmatisation and or discrimination; and second, assign valuable positions with unjustified eligibility criteria due to weakened trade unions.

b) A division of labour between domestic and international institutions

These arguably unavoidable effects of the current trading system may be dealt with in light of different criteria. *These cases illustrate the claim that both cooperative domestic and international institutions generate distributive effects, which makes the case for particular types of regulation.* In this sense, a further complexity which arises in the case of international cooperative institutions is how they should be designed considering

Pickett in their seminal book had one major critique with relation to their treatment of any income inequality as problematic and unjustified. Martin O’Neil emphasizes one vagueness generated by this point of view highlighting social inequality and its causality relation with income or material inequality, to wit: “we presumably would not want to say that the existence of (a certain degree of) socioeconomic inequality is a necessary and sufficient condition for the existence of social hierarchy, or for the creation of social threats to individuals’ social status.” Martin O’Neill, ‘The Facts of Inequality’, *Journal of Moral Philosophy*, 7.3 (2010), 397–409.

¹⁰⁷ According to Scanlon, equality of opportunity can be defined as follows: “Equality of opportunity, understood as the idea that individuals’ chances of economic success should not depend on their family’s economic status, is widely agreed to be important.” Scanlon, T., (2018): *Why Does Inequality Matter?* pg. 53

¹⁰⁸ Advocates of the causality between income distribution and growth due to international trading activities, i.e., globalization, include Birdsall and Londono (1997, 1998); although they do not agree with economists such as Barro (2000) and Ravallion (2001) who say that income distribution caused by globalisation affects those in the lower quintile differently than those in the higher quintile, increasing inequality in poor countries. They highlight how education (which is considered by different normative views of equality of opportunity as a requirement for a fair process) matters in income distribution: “[those authors] report no differences in growth in income between the poorest and other quintiles due to trade variables, although initial distributions of land and education do matter.” In Milanovic, B., (2005): “Can We Discern the Effect of Globalization on Income Distribution? Evidence from Household Surveys”, pg. 23.

how they both affect and condition countries and eventually citizens. Domestic institutions as well as citizens are pervasively affected by global challenges and eventually by how international institutions deal with them.

Domestic institutions do not suffice to effectively deal with the harmful effects that global challenges generate domestically, such as the effects of trade-related inequalities including discrimination, stigmatisation, and weakened trade unions. Therefore, regulating the international trade regime considering their impact in domestic societies, implies accommodating and helping to deal with claims of social justice in trade both at the domestic and international levels, as well as dealing with the different impacts generated in different societies.

2.2.3 The effects of international institutions

Domestic institutions are pervasively affected by global challenges, as a consequence, they are not sufficient to secure their citizens' well-being, as dealing with global challenges requires institutions with global scope. In turn, domestic institutions are also affected by how international institutions govern global challenges.

One prominent case is the governance of international trade. Participation in the trade regime and acceptance of its norms and recommendations may erode the state's sovereignty. Shared sovereignty or the delegation of national sovereignty generates both advantages and disadvantages, to wit: on the one hand, disadvantages include not being able to implement rules to control international trade effects due to a lack of sovereignty and capability in some areas¹⁰⁹. On the other hand, advantages include being ruled by internationally recognised norms that are believed to fulfil minimum *beneficence* criteria¹¹⁰. Being coerced by these rules may have a positive effect on vulnerable citizens as they may be afforded with the protection some countries may be incapable of

¹⁰⁹ This assumption might be contested as someone might argue that lack of national sovereignty, when it is in favour of supranational institutions which might count with control mechanisms to mitigate the effects of globalisation might be an advantage.

¹¹⁰ Christian Barry and Scott Wisor provide an example: "By binding of tariff rates (i.e., the placing of a ceiling on tariffs) it prevents countries from engaging in a damaging competition to maximize access to markets of their own producers, which typically will result in a collectively self-defeating outcome. A rule-based multilateral trading system in which countries' freedom to raise tariffs unilaterally is limited is in the interests of all." Barry, C., and Wisor, S. (2015): 'The Ethics of International Trade' (draft version), in Moellendorf, D., and Widdows, H., (eds.): (2015) *The Routledge Handbook of Global Ethics*, pg. 21.

providing. In this sense, less developed countries are not only highly influenced by trade and the trade regime, but they could also experience a higher impact on the well-being of their citizens as policies limiting trade-related inequalities, such as taxation, require strong institutions.

The impact that the trade regime exerts on developing countries includes the effect of gains from trade at the domestic level, but also the impact on bargaining power at institutions of the trade regime. The degree of bargaining power will condition the advancement of the interests of the country at different levels. This refers, for example, to the negotiation of both the fundamental rules of trade regime institutions such as the Agreement Establishing the World Trade Organisation¹¹¹ and of different trade agreements established within trade regime institutions. Bargaining power is key both for developed and less developed countries as it has a pervasive effect for countries and their citizens. However, in the case of less developed countries, bargaining power plays an urgent role as many of them are unable to even secure their representation at meetings due to a scarcity of resources¹¹².

In this latter case, the WTO has been criticised considering three practices¹¹³, to wit:

- (i) The WTO has raised concerns regarding the role that poorer countries play in WTO negotiations. One of the explicatory factors for this is that poorer countries lack resources that would enable them to participate equally in WTO negotiations. As a result, developing countries, e.g., poorer and smaller countries, will be highly disadvantaged due to the impossibility to even participate in all WTO meetings.
- (ii) The WTO tends to favour, in practice, economic efficiency over all other values such as gender equality.¹¹⁴

¹¹¹ The full document can be accessed at: https://www.wto.org/english/docs_e/legal_e/04-wto.pdf

¹¹² “Once members, developing countries have, in practice, much less influence over the direction of trade policy than wealthy countries, and this tends to be reflected in the content of the evolving rules of the system.” Barry, C., and Wisor, S. (2015): ‘The Ethics of International Trade’ (draft version), in Moellendorf, D., and Widdows, H., (eds.): (2015) *The Routledge Handbook of Global Ethics*, pg. 23.

¹¹³ These three criticisms are developed in: Moellendorf, D., (2005): ‘The World Trade Organization and Egalitarian Justice’, 36, *Metaphilosophy* 145, pg. 154-157.

- (iii) The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) makes important products such as medicine unavailable for the least developed countries and the most vulnerable citizens with scarce resources and health-related needs.

Another main impact of the WTO in developing countries concerns extending the preferential scheme in international trade by developing the principle of *Special and Differential Treatment* (SDT henceforth)¹¹⁵ and its application. The WTO raised concerns with stability and predictability of trade preferences¹¹⁶ and explored further paths to improving market access for the least developed countries (LDC henceforth). In this sense, the adoption of SDT aimed at improving market access for LDC. Briefly, the study concluded that further progress can be made to improve market access for LDC, including expanding preferences on the products that are not yet covered by extending already available preferences.

It is not highly contentious, then, to affirm that domestic institutions are pervasively affected by the regulation of global challenges by international institutions. Particularly, international institutions that regulate not only the global economic system but also other specific global challenges are in charge of issues regarding economic development (such as in the case of the World Bank), the balance of payments and international debt (such as in the case of the International Monetary Fund), health and care concerns (such as in the case of the World Health Organisation), central banks (the Bank for International Settlements), and regional trade (the Atlantic and Pacific trade

¹¹⁴ According to Moellendorf, this critic was developed by Peter Singer. Singer poses an example of a dispute settlement between the US and Mexico on fishing procedures and their sustainability. Broadly, the final decision at the WTO was that “similar products must get equal treatment regardless of dissimilar production processes”, thus, disregarding the impact on the environment and thus, on the future due to unsustainable fishing procedures. See: http://www.wto.org/english/tratop_e/envir_e/edis05_e.htm.

¹¹⁵ The final document containing the SDT provisions are briefly stated as the following six provisions in form of typologies: (i) provisions aimed at increasing the trade opportunities of developing country Members; (ii) provisions under which WTO Members should safeguard the interests of developing country Members; (iii) flexibility of commitments, of action, and use of policy instruments; (iv) transitional time periods; (v) technical assistance; (vi) provisions relating to least-developed country Members. The full document can be accessed at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=21868,75336,69267,64560,46353,12283,1294&CurrentCatalogueIdIndex=6&FullTextHash=

¹¹⁶ The full document can be accessed here: <https://unctad.org/en/Docs/poditctncd4.en.pdf>

agreements), and national labour rules (by the International Labour Organisation), among others.¹¹⁷

This situation calls for cooperation and harmonisation among domestic and international institutions dealing with different scopes of the same challenges. In this sense, the next section will address one of the proposals for coordination: the division of labour among domestic and international institutions.

2.2.4 To face global challenges there should be a division of labour between domestic and international institutions

Global challenges make the case for cooperation among international and domestic institutions. This collaboration raises sovereignty puzzles as well as advantages in dealing with challenges with global scope and support for countries with less developed institutions. Global challenges exert a pervasive impact in citizens of both developing and developed countries. One main difference between these two types of countries is that developing countries have scarcer resources, and some of them have weaker institutions, which may result in the application of less political measures to limit the impact of trade-related inequalities domestically. In these cases, the impact of trade on the citizens of these countries will be more direct, than on citizens living in countries with stronger institutions.

Thus, under this framework, the effects of trade, such as trade-related inequalities, would be governed both by international as well as by the domestic institutions of the countries participating in international trade exchanges. The philosophical literature has widely discussed the question of whether international institutions should be regulated by principles of justice, and if so, which principles should apply to such institutions. This last subsection of the chapter briefly introduces some of the main responses to this challenge from a normative perspective that serve as a bridge between the first part and the second and third parts of the dissertation. In these latter parts, the focus shifts from, the economic perspective, broadly understood, to the normative approach.

¹¹⁷ Milanovic, B., (2016): *Global Inequality: a new approach for the age of globalization*, pg. 230.

There are, roughly, two different arguments discussing the application of principles of justice to regulate international institutions. First, one main argument holds that international institutions do not have a duty to provide citizens with domestic sets of values which, among other things, are particular to each society and should be provided by domestic institutions¹¹⁸. Second, other argument hold that the world may be conceived as a global community of states and then reciprocity, recognition, and respect rise, making room for more demanding duties of justice than mere assistance¹¹⁹.

However, these arguments have one main common element: even the former view would agree with the proposal of cooperation among states under the framework of international institutions. In addition, some advocates of this view have argued that currently existing international institutions assist in presenting the global approach as a global community, as a single global community of states¹²⁰.

According to the first type of arguments introduced, international institutions should be governed by a minimum account of basic rights.¹²¹ Within this basic account of rights, these views propose three different scenarios in which this requirement of the application of an account of basic rights to international institutions will apply.

First, the case of a society which has collapsed due to a conflict and rights is not secured. In these cases, even the most minimal account will favour some sort of duty of assistance, some of them in the form of military intervention.

Second, the case of a society with a problem to protect the rights of its citizens due to weak political institutions, while the government in place has relevant popular support.

¹¹⁸ One of the seminal readings carefully elaborating this type of arguments is the following: Miller, D., (2007): *National Responsibility and Global Justice*.

¹¹⁹ One of the main seminal readings developing these arguments is the following: Caney, S., (2005): *Justice Beyond Borders*.

¹²⁰ As David Miller concedes: "In contrast, the common institutions that exist at global level, such as the UN and its various offshoots, are still essentially collaborative undertakings set up by independent states. Now clearly this is a matter of degree, and it may be that we shall move slowly towards a condition in which consciousness of belonging to a single world community exists alongside political institutions with genuinely global functions." Miller, D., (1999): "Justice and Global Inequality", at Hurrell, A., and Woods, N., (eds.) (1999): *Inequality, Globalisation, and World Politics*, pg. 191.

¹²¹ This is defended both by Miller and Rawls, see: Miller, D., (1999): "Justice and Global Inequality", at Hurrell, A., and Woods, N., (eds.) (1999): *Inequality, Globalisation, and World Politics*, and Rawls, J., (1999): *The Law of Peoples*.

Foreign intervention in this case will have the form of giving incentives to the government to improve and strengthen its political institutions.

Finally, the third case refers to a society which is doing well inside its borders, but nonetheless is experiencing difficulties in maintaining economic stability as it is facing a hostile macroeconomic environment. In these cases, according to the minimal account, countries at international institutions should cooperate to distribute the costs of maintaining basic rights for these countries affected by hostile economic environments. They should do so until affected countries are able to gain from international economic activity and are able to have stable growth¹²².

These examples make the case for the distribution of labour among international and domestic institutions. Viewing the world as a single international community is a matter of degree. The more cooperation that is required among states, the more the world will appear to be closer to a single community. In this sense, some economists, such as Milanovic, have argued along the lines that considering world inequalities as if they were a country, and thus aiming at reducing economic inequalities among them, would make overall citizens of the world better off.

One indicator commonly used to assess the level of inequality within countries is social mobility, that is to say, whether the country fulfils the requirements established to ensure equality of opportunity among its citizens. Ensuring equality of opportunity among citizens of a state means that they have the same chance to improve their economic position, either intra-generationally or inter-generationally.

As these cases raises concerns that are not sufficiently treated by the economic literature, the second and third parts of the dissertation will focus on the main contributions developed by different theories within global justice and trade justice. To finish this chapter, we will consider one economic argument on the relation between domestic and international institutions, despite not being frequent in the economic

¹²² These examples and their further development can be found in: Miller, D., (1999): "Justice and Global Inequality", at Hurrell, A., and Woods, N., (eds.) (1999): *Inequality, Globalisation, and World Politics*, pg. 201 and 202.

literature. The economic literature According to the economic view, particularly in Milanovic's account, income inequality among countries has only been a matter of recent concern. In this sense, global equality of opportunity has not been part of the debate until quite recently and it remains as a highly neglected subject within the economic literature. The debate on global equality of opportunity moves along the lines of whether the differences in income and wealth that are birth-related should be remedied regardless of state borders.

Although this question has received much attention by political philosophers, economists remain silent. In accordance with Milanovic, an interdependent world in which individual relationships are hardly state-mediated and countries are highly interconnected and thus conditioned, there exists what he calls a *social compact* among citizens of the world.¹²³ This social compact alongside interconnectedness among nations makes the case for considerations of equality of opportunity beyond borders¹²⁴. Thus, Milanovic argues, as part of the reasons to leave the methodological nationalism which has been the mainstream methodology in economics, that equality of opportunity should be pursued worldwide: "Equality of opportunity cannot be a goal restricted to the level of the nation-state. We must pursue it globally."¹²⁵

One relevant example of how transnational institutions and policies may impact equality of opportunity within societies are the trade agreements and their regulation and negotiation under WTO rules. Trade agreements are particularly significant for regional development; actually, regional trade agreements (RTA henceforth) are considered key for the implementation of new provisions such as gender-related provisions, which are not present for any specific provision of the WTO agreements. The inclusion of gender-related provisions in RTA around the world increased, by November 2018, to 75 agreements (RTA) including at least a provision mentioning gender or women.

¹²³ In addition to what has been called the social compact, he adds the following: "It may not be as clear as the compact that exists between the citizens of a single country who elect and share a government, but this is just a difference of degree, not of kind." Milanovic, B., (2016): *Global Inequality: a New Approach for the Age of Globalization*, pg. 142.

¹²⁴ As Milanovic argues: "If China, India, the United States, Europe, Brazil, Russia, and Nigeria all end up having about the same mean income, not only will global inequality decline, but the location element will also be less important, and the citizenship rent will become much lower." Milanovic, B., (2016): *Global Inequality: a New Approach for the Age of Globalization*, pg. 143.

¹²⁵ Milanovic, B., (2016): *Global Inequality: a New Approach for the Age of Globalization*, pg. 239.

Although they are expressed using highly heterogeneous commitments, scope, and language, these RTAs include the challenge of the gender gap within countries by capturing its cross-cutting nature, addressing it jointly with human rights, vulnerable groups, and the social dimension of sustainable development including labour discrimination and fair trade¹²⁶. In this sense, it can be said that trade agreements exert a pervasive influence in women and can either help widen or bridge the gender gap within countries and thus among them.

Conclusion

This chapter has focused on describing the international institutions governing the trade regime, some of its current regulations, and its actual impact in trading agents, mainly developed and developing countries. It has highlighted how the participation in the trade regime might contribute either to socioeconomic development within countries or to perpetuate inequalities among countries advantaged and disadvantaged by trade. To do so, it is divided in two main sections.

Section One focuses on the impact that the regulation of globalisation, more generally, and economic integration, in particular, have on socioeconomic development and poverty alleviation within countries. The first subsection focuses on how institutional regulations had different distributional effects. It explained further the idea introduced in Chapter One that the evolution of institutional regulations since Bretton-Woods have had different distributional effects. It poses the example of how, in the case of both Bretton-Woods and the GATT, the tension between international and domestic interests was resolved with prioritising domestic-tailored policies. In the second subsection, it argues that although states are the institutions primary responsible for the wellbeing of their citizens, they might not suffice when the determinants of the wellbeing cannot be dealt with by states in isolation. It notices that participation in the global economy is one of these cases. Finally, it exemplifies how participating in the global economy

¹²⁶ For a complete report of the analysis of the agreements including at least gender-related provisions see Monteiro, José-Antonio., (2018): “Gender-related Provisions in Regional Trade Agreements” *WTO Staff Working Paper*, ERSD-2018-15.

conditions countries and their socioeconomic developing with the case of landlocked countries.

Section Two focused on the claim that the effects of participating in the global economy, generally, and in the trade regime, in particular, might give rise to inequalities directly related to social concerns within and beyond domestic borders. It argued that the case of the global economy is not limited to economic-related concerns, but that it also gives rise to concerns with human rights, security, and stability both within and among countries. Subsection One highlighted the fact that to mitigate the effects of the trade regime, and trade inequalities, in domestic societies, one main element is to count with democratic political mechanisms to contribute to its control. It also described Milanovic's five specific *forces* that may reduce the increase in inequality within countries. Subsection Two accounted for the various effects with economic inequalities generated by trade and the derivative non-economic effects that they might create. It concluded with an argument in favour of a distribution of labour regarding protection from pervasive effects, including economic and non-economic inequalities, among domestic and international institutions.

CHAPTER 3. METHODOLOGICAL CONCERNS IN TRADE JUSTICE

Introduction

The first part of the dissertation, formed by Chapter One and Chapter Two, provided key insights on economic globalisation and international trade and on some of the main economic models and ideas and theories that have regulated the trade regime over the years. Chapter One provided a description of globalisation and its phases according to the standard economic theory. It presented the main three economic models giving economic reasons to participate in international trade. It illustrated the benefits and losses from international trade and identify three main political reasons to promote trade among countries. Chapter Two provided a description of the main current regulations of one of the primary international institutions regulating trade, the WTO. It highlighted some of the main puzzles raised by economic globalisation and international trade and argue that these concerns fall beyond the economic analysis.

This chapter aims at showing that international trade sets out challenges to political morality and that these challenges can be accounted for from a normative theory. However, international trade is a complex global challenge characterised by sharing transversal concerns with other global challenges. The most obvious case is the case of the climate emergency. Thus, the intersection of global challenges poses methodological difficulties to principles governing this practice. This chapter aims at explaining the main methodological challenges that principles of trade justice might have to answer in developing its account. In doing so, it first examines how normative concerns with trade justice might contribute to identify and analyse key challenges to political morality in the case of international trade. Second, it sets out two methodological issues that any analysis of this sort should take into consideration. Third, it briefly describes an example of how two of the most prominent views in the literature of trade justice have dealt with these normative challenges determining their views.

Finally, this chapter starts the second part of the dissertation. This part is focused on describing and discussing first the main methodological challenges that a normative approach to trade might have to face, second, a description of the main theories of global justice and a brief comment on how they might contribute to the discussion on trade justice, and third, a more detailed description and discussion of two main approaches: relational and distributive views.

3.1 From the standard economic theory to normative concerns

It is not highly controversial to assume that economic globalisation and international trade generates benefits and losses among trading partners and might spill out to non-trading partners. As was mentioned in Chapter One, international trade, although frequently mutually beneficial, might not be equally beneficial for all trading partners. The different institutions governing trade, regulated according to different economic values and theories, have had different impacts in trading partners such as countries, their citizens' ability to flourish and develop a life plan, and institutions governing the domestic sphere.

The context just described motivates normative questions, puzzling issues which prompt questions about justice that cannot be grasped or answered by the standard economic theory. Trade analysis from a normative perspective, broadly speaking, addresses concerns raised by the international trading regime, i.e., by the practice of international trade in general and free trade in particular. One of the main concerns from a normative point of view is what do we mean by fair trade, i.e., what justice requires in the field of international trade. Normative theories focus on matters such as: what makes inequalities generated by trade morally objectionable, how should international institutions governing trade create a level playing field, who is responsible for the losses from trade, how can legitimate international institutions be created, among other challenges. More specifically, some of the main research questions discussed in the literature on trade justice during the last decade include: what constitutes harms of trade? What restrictions, if any, should be applied to international trade to be just? How should domestic and global institutions dealing with trade be designed to be just?

Should we apply the same principles to institutions with different scopes? Do trading practices constitute a specific basis for the application of specific principles of justice?

Moreover, the literature in political philosophy dealing with trade justice has only been developed quite recently. The literature exploring distributive justice concerns with international institutions began its main development in the decade of 1980¹²⁷. After that, political philosophers and political theorists began to focus on concerns about the scope of theories of justice, which gave rise to the global justice debate, which started at the end of the 1990s. One of the most influential works in the debate on global justice is John Rawls's *The Law of Peoples*, published in 1999. However, it was not until the beginning of the 2000s and 2010s that more attention was paid to the specific topic of trade justice as a distinguished concern within the global justice debate.¹²⁸

More broadly, since the beginning of the millennia, more voices within the literature on global justice have expressed the need for global justice to deal with specific global phenomena in addition to the discussion about the *scope* of theories of justice, political morality concerns with the international realm, and institutions beyond borders¹²⁹. Accordingly, the literature on global justice has increasingly focused on specific topics such as migration, climate change, and economic integration and international trade¹³⁰. Specifically, the recent literature on trade justice has identified and addressed various problems raised by international trade from an *international political morality*

¹²⁷ One of the first, seminal, and most silent contributions to this discussion is: Beitz, Ch., (1979): *Political Theory and International Relations*, New Jersey: Princeton University Press. He also developed a cautionary view about the role of normative considerations in practical reasoning in international affairs.

¹²⁸ One of the most relevant previous attempts at dealing with trade from a normative perspective is Brian Barry's 1982 paper. There, Barry states the following: "But it seems to be that trade, however multilateral, does not constitute a cooperative scheme of the relevant kind. Trade, if freely undertaken, is (presumably) beneficial to the exchanging parties, but it is not, it seems to me, the kind of relationship that gives rise to duties of fair play. To the extent that justice is involved it is, I would say, justice as requital, that is, giving a fair return. Justice as fair play arises not from simple exchange but from either the provision of public goods that are collectively enjoyed (parks; defense; a litter-free, or unpolluted, environment; and so on) or from quasi-insurance schemes for mutual aid of the kind just discussed". Barry, B., (1982): "Humanity and Justice in Global Perspective" *NOMOS: American Society for Political and Philosophy*. 24, p. 219-252.

¹²⁹ For this type of argument see: Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press, chapter 3: "Trade as One Ground of Justice".

¹³⁰ Three of the main works around these topics include: Fine, S., and Ypi, L., eds. (2016): *Migration in Political Theory: The Ethics of Movement and Membership*. Oxford: Oxford University Press; Gardiner, M. S., Caney, S., Jamieson, D., and Shue, H. (2010): *Climate Ethics: Essential Readings*. Oxford: Oxford University Press. Barry, C., and Reddy, S. (2008): *International Trade and Labor Standards*. New York: Columbia University Press.

perspective such as concerns with exploitation among trading countries, individuals, and multinationals, and attempts to level the playing field by applying *special and differential treatment* clauses for developing countries in provisions' negotiations¹³¹. These problems have determined different areas of moral inquiry regarding international trade, thus generating a specific subfield in the global justice debate¹³², to wit: trade justice.

As mentioned in Chapter One, international institutions governing trade at the international level, that is to say, the World Trade Organisation, the International Monetary Fund, and the World Bank, constitute what has been called the international trade regime. Different theories of trade justice agree with assessing the current trade regime as unfair. There is also broad agreement over two main assumptions: first, that the global economy affects, although differently, almost every citizen in any state worldwide¹³³, and second, that the consequences that the practice of international trade has in such countries, cannot be handled by individual countries and their institutions

¹³¹ It is important to notice that in the economic debate on special and differential treatment some economists have identified what are called misconceptions on comparative advantage. It might seem that some of these misconceptions have been identified by the normative debate on justice in trade when arguing about special and differential treatment. However, this would be a mischaracterization of the normative debate as it includes both the terminology and clarifications provided by economic theory. For the debate on the myths of free trade see: Krugman, Obstfeld, & Melitz, (2011): *International Economics: Theory and Policy*, pp. 37-40. For an economically informed debate on what has been called an economic myth see, among others: Risse, M., (2007): "Fairness in Trade I: Obligations from Trading and the Pauper Labour Argument," *Politics, Philosophy and Economics* 6 (2007): 355-77. For other normative analysis see: Aaron James, *Fairness in Practice: A Social Contract for a Global Economy* (New York: Oxford University Press, 2012), Christian Barry and Sanjay G. Reddy, (2008): *International Trade and Labour Standards: A Proposal for Linkage* (Columbia University Press). Risse, M., and Wollner, G., (2014): "Three Images of Trade: On the Place of Trade in a Theory of Global Justice", *Moral Philosophy and Politics* 1/2, 201-225. Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press.

¹³² Fairness at the global sphere means debating what justice requires among different agents such as citizens, supranational institutions, and firms, among others. One main reason to talk about global justice instead of alternative accounts such as international justice is that there is a wide recognition among the scientific community that global challenges, such as climate change, international trade, migration, and global terrorism, cannot be tackled by nation-states in isolation. Rather, they should be tackled by various states cooperating. Another main reason to frame these problematics as a debate of justice beyond borders is the fact that such global challenges affect citizens of many different states. Although the level of affection is different among different citizens, it is clearly not limited by nation-states. Some authors such as Gillian Brock among others argue that a good starting point in the debate on global justice is John Rawls's *The Law of Peoples*. Briefly, Rawls discusses the idea of justice that should apply, through institutions, to international law and political relations, which can be agreed among different *peoples*.

¹³³ For different accounts agreeing with this point see: Suttle, O., (2017): *Distributive Justice and World Trade Law: A Political Theory of International Trade Regulation*. Cambridge: Cambridge University Press. Christensen, J., (2017): *On Trade Justice*. Oxford: Oxford University Press. Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press.

alone. Naturally, this fact calls for cooperation and joint action among states. For example, regarding the first statement, namely, the unavoidability of being in some way both pervasively affected and conditioned by international trade, and coerced by the institutions governing this phenomenon, gives reasons to see trade beyond an economic perspective. First, the pervasive impact on individuals makes international trade relevant in both the moral and political sense, and second, it justifies the application of principles of justice to international institutions governing trade and raises concerns about the legitimacy of those institutions.

Trade justice has thus focused on normative concerns with international trade which require moral reflection to guide political action internationally. Accounts of trade justice have identified two key puzzling issues concerning international institutions, to wit: first, the reflection about whether more demanding principles of justice should apply to institutions governing trade or whether they should follow a general duty of *beneficence* and *assistance*; and second, whether those principles of justice are *intrinsic* principles, i.e., principles which recognise trade as a different activity which asks for particular principles in its own right, or whether it should be governed by *instrumental* principles aiming at advancing some other value through trade, such as well-being or peace¹³⁴.

Regarding the first puzzle, the literature on global justice has widely discussed whether to apply more demanding principles of justice, such as egalitarian principles. It is a necessary requirement, in Rawlsian terms, to create an international basic structure¹³⁵. Regarding the second, one of the main complexities with international trade is its intersection with other global challenges. Institutions of the trade regime should deal with issues at the intersection of different challenges including, on the one hand, claims of developed countries for their workers' low wages, and on the other, complaints from developing countries about special and differential treatment as well as political space at

¹³⁴ For recent analysis see, for example: Moellendorf, M., (2005) 'The World Trade Organization and Egalitarian Justice' 36 *Metaphilosophy* 145. James, A., (2014): 'A Theory of Fairness in Trade' 1 *Moral Philosophy and Politics* 177. Risse, M., (2017): 'Multilateralism and Mega-Regionalism from the Grounds-of-Justice Standpoint', *Global Justice: Theory, Practice, Rethoric*.

¹³⁵ Here it is key to remember the origins of the concept of the basic social structure. The concept of the basic structure of society was coined by Rawls in *A Theory of Justice* in 1971 and defined as the major social institutions of a society, including the political constitution, competitive markets, private property in the means of production and the family. Rawls, J., (1971): *A Theory of Justice*, pp. 7 and 207.

the WTO. As an example, it can be said that concerns with trade intersect with environmental claims. This is the case of the transport and mobility of goods and services as trading exchanges may generate polluting and unsustainable trading practices. These further concerns are characteristic of the challenges posed by trade, its institutions, and practices, adding further complexities and, therefore, methodological challenges for political morality. These complexities raise methodological challenges with the normative analysis of the theory and practice of international trade and the examination of what should be just in trade justice.

In responding to the question of what should be made just in trade justice jointly with other concerns mentioned previously, different competing alternatives arise. However, it is worth noting that the most commented alternatives¹³⁶ have two common characteristics: first, they analyse and identify what might be called the harms (broadly construed) of trade, and second, they propose principles for international institutions in charge of the regulation and governance of international trade, that is to say, the trade regime. These alternatives, as well as other normative accounts and critiques of trade justice¹³⁷, might be understood as constituting restrictions on the trade regime and its main current economic practice, namely, the promotion of free trade and market integration worldwide.

The next section briefly reviews how the different frameworks established by different perspectives to analyse global justice concerns define and thus condition the methodology used when analysing challenges in fairness in trade, whether conceived as a social practice¹³⁸ or as a separate kind of relations taking place in a particular institutional framework¹³⁹.

¹³⁶ These views include Mathias Risse and Aaron James's accounts of justice in trade.

¹³⁷ For different approaches see: de Bres, H., (2016): 'Justice and International Trade' (2016) 11 *Philosophy Compass* 570, and Christian Barry and Sanjay G Reddy, (2006): 'International Trade and Labor Standards : A Proposal for Linkage', Columbia University Press, among others.

¹³⁸As conceived by James, A., (2014): 'A Theory of Fairness in Trade' 1., pp. 1 and 13.

¹³⁹ As defended by Mathias Risse and Gabriel Wollner, 'Critical Notice of Aaron James, Fairness in Practice: A Social Contract for a Global Economy' (2013) 43 *Canadian Journal of Philosophy* 382. pp. 392-394.

3.2 Two main methodological challenges faced by trade justice

Recent literature on the topic of trade justice has offered different answers to the many moral, political, and socioeconomic challenges raised by the global economic system in general and the trade regime in particular. To do so, it has focused on different distributive and institutional puzzling issues both within trading relations and the trade regime such as: fair trade, fair bargaining, fair play, fair competition, level the playing field, equitable growth, fair wages, exploitation, etc. Different accounts of justice in trade have assessed these and further issues considering different criteria. When establishing a framework that aims at responding to questions such as: what should be judged as fair or unfair regarding the identified topic, i.e., international trade, there are two methodological questions, both directly related to the two previously identified puzzles, that arise. It is necessary to be aware of these two questions. The first question is whether the normative assessment of international trade and the trade regime require a previous decision about whether trade should be conceived as a separate subject of principles of justice or as part of the broader debate about global justice.¹⁴⁰

This methodological question motivates two responses. First, on the one hand, the accounts that conceive trade justice as a separate subject giving rise to its own principles of justice defend the application of *internal* principles which are distinctive to this particular concern. Second, on the other hand, this dilemma gives rise to accounts which defend the idea that issues of, in this case, trade justice do not generate their own distinctive principles but that there are *external* principles which apply equally to trade justice and other global concerns. The views which identify a particular global challenge such as international trade or climate change as distinctive justice challenges different from other concerns tend to apply *internal* principles which respond to demands of justice which are characteristic of the identified challenge. *External* principles frame the identified challenge as part of a broader system or concern issuing a response through the application of more general principles and may thus encompass different challenges.

¹⁴⁰ For an enlightening discussion on *external* and *internal* principles of justice in trade see: Charles R. Beitz, 'Internal and External' (2014) 44 *Canadian Journal of Philosophy* 225.

At this point, it is useful to raise a second methodological issue which is linked to the previous one. Both *internal* and *external* principles of justice that apply to specific global challenges such as global trade, climate change, or global terrorism face another methodological question. This further methodological concern focuses on whether principles of justice should apply to a particular challenge governed by a particular institution or whether these principles should be embedded in a more general account of justice and apply to an institutional framework governing several challenges undistinguished through institutions. While the previous methodological concern focused on the type of *principles* that should govern the identified global challenges, this second methodological concern focuses on how the *institutions* at stake should govern those challenges. In this way, this second difficulty discusses whether a proper account of justice should apply principles of justice to specific institutions dealing with concrete challenges, disregarding possible linkages with other global challenges, or whether it should apply principles of justice to institutions which govern different interlinked global challenges.

To answer this question, it is useful to look at Simon Caney's view regarding the application of such principles. Following Caney's terminology, principles can be applied in *isolation* or in an *integral* way to different global institutions and institutional frameworks at the international level.¹⁴¹ On the one hand, principles apply in *isolation* when they are taken as separate from other areas of concern, such as viewing the institutions dealing with climate change as separate from international trade. On the other hand, principles are applied in an *integral* way when they are part of a more general account of global justice and international institutions.¹⁴² It is important to notice that, neither *internal* and *external* principles nor their application in *isolation* or in an *integral* way are mutually exclusive.

This second methodological concern raises a further issue since, although the four methodological features are not mutually exclusive, they are highly interconnected. The

¹⁴¹ This reflects the debate on whether principles regulating justice in trade should be distinctive. That is to say, whether principles of justice in trade are internal principles which apply by virtue of trading particularities or whether they are external and apply by virtue of moral concerns which are not particular to the trading activity. It is important to note that the external/internal debate should not be and is not the ideal/non-ideal theory debate, although some may say that it bears some resemblance. For further discussion see: Caney, S., (2012): "Just Emissions" *Philosophy & Public Affairs*, 40: 255–300.

¹⁴² *Ibid*, p. 259 and footnote 7.

discussion on an *integral* or *isolation* application of principles of justice may influence the first methodological question as to whether the principles governing global justice should be applied to more than one global challenge or whether it is the case that each challenge generates its own principles of justice. First, the question on whether specific global challenges give rise to moral wrongs that should be addressed through *ad hoc* principles of justice, i.e., through *internal* principles of justice, might make the case to say that those principles of justice should be thus applied in *isolation*. Second, the cases in which global challenges are understood to require *external* principles of justice, i.e., principles that see global challenges as part of a global system, may lead people to think that those principles are not unique and should, thus, be applied through an institution or an institutional framework governing global challenges, i.e., in an *integral* manner. Given that both options are not fully mutually excludable, there can be combined options. These options would accept the application of principles of justice in *isolation* to specific challenges with the application of more general principles through the same international institution to a specific challenge.¹⁴³

These methodological difficulties directly concern the case of international trade. As it is described in the next section, global trade has been considered morally objectionable, for example, because it sometimes generates exploitation among trading agents. This moral concern raises two different methodological issues. First, are moral objections to exploitation specific to the trade justice debate? Are they common to other global challenges? Exploitation has been widely understood as a harmful relation among agents; it is commonly presented in the general framework of trade and trading relations among agents, whether domestic or beyond borders. However, we can think of different non-commercial situations where someone is exploited as a result of mistreatment. One case that could fall under this scheme are informal caregivers looking after their relatives or volunteers developing an activity far beyond what they consented to or were willing to do in the first place.

Second, should principles of justice that apply to the institutions regulating international trade be applied in *isolation* to tackle this specific moral concern? Or should we focus on broader concerns regarding global justice and tackle them from an integrationist

¹⁴³ This option is discussed in: Caney, S., (2012): “Just Emissions” *Philosophy & Public Affairs*, 40: 255–300, pg. 272, 273.

approach? One possible argument in line with the *integrationist* approach is that exploitation cannot be tackled in *isolation* as its correction involves facing other morally objectionable practices regulated by international institutions not necessarily directly associated with trade. Thus, to correctly address the claim of exploitation, not only other global institutions should be considered but also other global challenges that have an impact in relations of exploitation. This may be the case of challenges within climate change, global terrorism, and particularly the case of the arms trade. This last picture exemplifies what Caney calls an *integrationist* approach to global justice.¹⁴⁴ According to the *integrationist* approach, such cases should be faced in conjunction since articulating a response to them implies responding to more than one challenge almost simultaneously and unavoidably in coordination.

As stated, *integrationists* and *isolationist* accounts have different ways of handling the application of principles of global justice to international institutions addressing them. They address the challenge of how principles of justice should be applied to different political institutions dealing with different subjects. They ask whether the agreed principles of justice should be applied to the institution at stake dealing directly with a particular matter, i.e., specific to the issue at hand, or whether the agreed principles should apply to every institution dealing directly and indirectly with the specific topic, as well as with other related concerns.¹⁴⁵ *Integrationist* and *isolationist* options and *external* and *integral* principles thus generate different ways in which *principles* of justice and international *institutions* interact, to wit: *aggregative* and *non-aggregative* accounts. Briefly, on the one hand, the so-called *aggregative* accounts argue that principles dealing with matters of global justice should be applied to global institutions, e.g., to the so called, in Rawlsian terms, global basic structure, that is to say, to the basic global institutions regulating or in charge of global practices. On the other hand, *non-aggregative* institutional accounts that defend those global issues will be better dealt with by establishing different principles for different institutions dealing with different matters, or as Helena de Bres calls them, principles should be addressed to “sub-spheres

¹⁴⁴ For an argument defending the integrationist approach see: Caney, S., (2005): “Cosmopolitan Justice, Responsibility, and Global Climate Change”, *Leiden Journal of International Law* vol.18 no.4 (2005), pp. 747-775.

¹⁴⁵ For the distinction between aggregated and disaggregated approaches see: H. de Bres, ‘Disaggregating Global Justice’, *Social Theory and Practice* 39 (2013): 422-448.

of global politics”¹⁴⁶. These questions, posing a methodological challenge to any account of justice dealing with moral and political issues of international scope, should be considered by any theory of trade justice.

a) An example of *external-integrationist* or *aggregative* methodology in trade justice

A natural consequence of such methodological difficulties is that, according to the *integrationist* methodology, principles of justice governing both trade and climate change would apply both to their own institutions and to broader ones, e.g., they will apply both to the trading regime and to climate change agreements. According to this methodological option, principles governing distributions in trade justice will apply too to institutions governing distributions within climate change such as the *United Nations Framework Convention on Climate Change* and to international agreements in this field such as the *Kyoto Protocol*, the *Paris Agreement* of 2015, and more recently the *COP26* basic agreement of 2021.

To illustrate this option within the methodological debate, it is relevant to briefly comment in more detail on the case of international trade and socioeconomic development and its impact on climate change concerns. In developing countries exploitation and sweatshop labour give rise to climate related issues such as an increase in pollution levels. A country’s economic development through, among other factors, international trade and economic globalisation, has a direct impact on the emission levels of greenhouse gases. The emission of greenhouse gases is neither unique to developing countries nor to processes of industrialisation. Developed countries such as the US, the EU27, and Japan produce a great deal of the world’s emissions. According to the *Emissions Database for Global Atmospheric Research* (EDGAR), in 2020, these developed countries, jointly with China, India, and Russia, were the world’s largest CO₂ emitters and amounted to 66.7% of total global fossil CO₂¹⁴⁷. In the case of the US, in

¹⁴⁶ Ibid, p. 1.

¹⁴⁷ Source: GHG emissions for all world countries - 2021 report, pg. 4. It can be accessed here: https://edgar.jrc.ec.europa.eu/report_2021

2020 their total amount of CO₂ emissions amount to 4,535,30 kilotons¹⁴⁸ of CO₂.¹⁴⁹ According to 2020 data, the US emissions represented a 12.61% share of global total of fossil CO₂ emissions, while China represented a rate of 32.48% of the global total of these fossil emissions.¹⁵⁰ In the case of greenhouse gas (GHG) emissions (a combination of emissions of different greenhouse gases, namely, N₂O, CH₄ and CO₂), the US produced 6,297,62kt amounting to a share of 12.30% of the global total of GHG, while China produced 13,739,79 kt, amounting to a share of 26.84% of the global total of GHG in the same year.¹⁵¹

Considering these data, one could say that principles governing international trade and economic globalization have a direct and unavoidable effect on climate change and vice versa. In this sense, the main institution of the trading regime, the WTO, decided to generate a space for negotiation with regard to climate change's derived obligations. In 2001, at the *Doha Ministerial Conference*, members of the WTO agreed to "negotiate on the relationship between WTO rules and the multilateral environmental agreements."¹⁵² These negotiations took place under the *Trade and Environment Committee*, which was founded in 1994, with the main aim of promoting sustainable development among WTO members.¹⁵³

In this scenario, an approach to justice in trade that applies *external* principles of justice to these global challenges would argue that given the interrelation among international trade and development and climate change, these challenges should be governed in coordination as they are strongly interlinked. Thus, there should be broader principles of justice that apply to both areas. The interrelation among international trade, development, and climate change generates common concerns with fairness that are not unique to a specific challenge. In these cases, *internal* principles of justice do not work as they would be incapable of dealing with the challenge that needs to be faced. According to an *integrationist* view, a correct approach to the aforementioned challenge

¹⁴⁸ The definition of CO₂ emissions is the following: "Carbon dioxide emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring." Source: <https://www.indexmundi.com/facts/indicators/EN.ATM.CO2E.KT>

¹⁴⁹ Source: https://edgar.jrc.ec.europa.eu/report_2021

¹⁵⁰ Source: idem.

¹⁵¹ Source: idem.

¹⁵² https://www.wto.org/English/tratop_e/envir_e/envir_neg_mea_e.htm

¹⁵³ https://www.wto.org/english/tratop_e/envir_e/wrk_committee_e.htm

requires international institutions governing the trade regime to issue legitimate and valid commands regarding climate change.

The next section briefly describes how two of the main accounts of trade justice in the literature deal with the methodological challenges identified in this section through the development of core principles. It describes the main principles of trade justice defended by each view and their proposed application to different frameworks of the trade regime.

3.3 Methodological approaches from two of the main views with trade justice: Mathias Risse and Aaron James

Two of the most prominent accounts of trade justice have faced the aforementioned methodological challenges on *internal* and *external* principles as well as *integrative* and *isolationist* approaches. This is the case with Aaron James's *structural equity* and Mathias Risse's *pluralist internationalism* accounts of trade justice. Their responses to the methodological challenges through their core principles have common elements as well as particular ones. Briefly, *structural equity* refers to the distribution of the gains from trade among parties participating in the trade regime understood as a mutual reliance practice. This scheme is regulated by principles of justice that comply with the justifiability clause, that is to say, principles that no one can reasonably reject.¹⁵⁴

The second core principle, Risse's *pluralist internationalism*, argues, roughly, that there can be more than one ground of justice. This author endorses *internationalism* as the approach that recognizes a special normative relevance to the state and combines it with other grounds of justice. According to this account, grounds of justice are defined as "considerations or conditions based on which individuals are subject to demands of justice or are in the scope of principles of justice."¹⁵⁵ In *On Global Justice*, five grounds of justice are identified by Risse, to wit: membership in states, membership in the world, subjection to the trading system, common ownership of the earth, and common humanity. Within this framework, this author's pluralist account deals with different

¹⁵⁴ James, A., (2014): "A Theory of Fairness in Trade", *Moral Philosophy and Politics*, 177–200, pp. 179.

¹⁵⁵ Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press, page: 64.

unique principles applied to different justice-related subjects, in this case according to the five grounds of justice just mentioned. In this scheme, for example, shared membership in the world and subjection to the trading system adds special duties of justice to the ones raised by the common ground of membership in a state.¹⁵⁶

After the rough introduction of the core principles of both views of trade justice and their main proposals for governing them, it is key to identify the methodological similarities of these views. One main feature both views have in common is that both have applied specific or *internal*¹⁵⁷ principles of justice to distributional and institutionally related concerns with trade. That is to say, they have treated trade-related challenges as a separate, more specific subject of concern under the broad discussion of global justice. They argue that international trade generates its own, unique, ad hoc principles of justice and that, because of this, it may be considered a separate field. Despite this methodological similarity, both views have developed different principles of trade justice.

In the case of James's *structural equity* account, he identifies three principles of fairness in trade which are *internal* to the trade practice, to wit: *collective due care*, *international relative gains*, and *domestic relative gains*. Briefly, while the first principle focuses on trade-related harms, the second focuses on the distribution of the overall gains generated by trading parties as a result of their practice, and the third looks at the distribution of the gains from trade within countries¹⁵⁸. The main argument developed through these three principles, the main justice requirement that should be complied by trade practices to be considered as just according to James, is that trade would be fair to the extent to which it does not leave any agent involved in what is called mutually reliance practice worse off, in absolute terms, than she would have been without it.

However, James identifies other moral concerns which are related to the field of trade but nonetheless are *external* to it, that is to say, concerns that are independent from his account of *structural equity*. Examples of James's *external* concerns of trade

¹⁵⁶ Risse, M., (2017): 'Responsibility and Global Justice', *Ratio Juris*, 30/1 (2017), 41–58. Pg. 41.

¹⁵⁷ This term is used by A. James to name moral and political challenges which arise from trade as a practice. See: James, A., (2012): *Fairness in Practice: a Social Contract for a Global Economy*, Oxford University Press.

¹⁵⁸ See the definition in: James, A., (2012): *Fairness in Practice: A Social Contract for a Global Economy*, pp. 17 and 18.

humanitarian include poverty, human rights, and more general concerns of global justice which are different from the specific concerns that James addresses in his account of *structural equity*. Although James's account leaves open the possibility for some *external* principles of trade justice, he suggests not only that those principles are not unique to regulate trade but also that other *internal* principles may more accurately address the central fairness issues raised by the practice of international trade. In his account, James argues that the subject and scope of principles of trade justice is the "social practice of market reliance." It is this social practice that generates its own fairness demands.

In the case of Risse, he proposes a less ambitious although similarly *internal* account of trade justice. In his most recent works¹⁵⁹, Risse and Gabriel Wollner develop a more demanding account of trade justice than what can be found in Risse's previous book¹⁶⁰ and papers¹⁶¹. In his previous work, Risse argued in favour of a minimal international principle to account for trade which is made "at the expense of others" and generates exploitation among the three main agents participating in trade, to wit: individuals, states, and multinationals.¹⁶² Lately, Risse has criticized James's distributional account and proposed a less *substantive* account focused on *procedural* concerns, in particular *exploitation*¹⁶³. Jointly with Wollner he affirms that a reflection on trade should be part of a more general theory of global justice through a more developed account of exploitation. Thus, Risse situates trade concerns in an overall picture of global justice including its own principles of justice alongside more general principles of global justice such as the ones raised by the ground of common ownership of the earth¹⁶⁴.

¹⁵⁹ See: Risse, M., and Wollner, G., (2014): "Three Images of Trade: on the Place of Trade in a Theory of Global Justice" *Moral Philosophy and Politics*, Risse, M., (2017): 'Multilateralism and Mega-Regionalism from the Grounds-of-Justice Standpoint' *Global Justice: Theory, Practice, Rethoric* (n 7) and Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press.

¹⁶⁰ Risse, M., (2012): *On Global Justice*, chapter 14. Princeton University Press.

¹⁶¹ Risse, M., (2007): 'Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument' *Politics Philosophy Economics and Kurjanska M.*, and Risse, M., (2008): 'Fairness in Trade II: Export Subsidies and the Fair Trade Movement', *Politics, Philosophy & Economics* 29.

¹⁶² See Risse, M., (2007): "Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument", pp. 362-364.

¹⁶³ Italics by Risse in Risse, M., (2014): "Response to Arneson, de Bres, and Stilz" pp. 516.

¹⁶⁴ See Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press, chapter 3.

Finally, as previously mentioned and following the examples of James and Risse and Wollner for the case of trade justice, it might be said that methodological considerations which distinguish *internal* and *external* principles and *integrationist* and *isolationist* views governing international trade are not mutually exclusive. An account of justice addressing the trade justice debate would be able to combine different *internal* principles for institutions governing trade justice with *external* principles which are common to other concerns. There are other views within the trade justice debate which have developed different accounts according to different views including different methodological concerns. As an example, David Miller developed a perspective on trade justice that opposes the two just mentioned. Miller challenges the *internal* approach that applies unique principles of justice to trade justice and counters the interpretation of international trade and the trading practice as a sphere of justice in its own right. He argues instead in favour of a more *integrationist* approach that considers principles of justice as *external* to particular global justice challenges.¹⁶⁵

Conclusion

As stated by Risse and Wollner in their 2019 book on trade, the main reason to consider trade as a ground of justice, as a subject of moral consideration, is its effect, its pervasive impact, the importance that it has not only on trading partners but more importantly on humanity and its history. As a result, the regulations of the trade regime and of trading exchanges and practices highly condition how it works, the distribution of benefits and burdens, and thus, the benefits and losses.¹⁶⁶ More broadly, as mentioned at the beginning of this chapter, if we can say something relatively uncontroversial about the impact of economic globalisation on humanity, it is that it has both pervasively affected and unequally benefited different people in different states

¹⁶⁵ David Miller's approach in relation both to James and Risse is developed in Chapter Five. For his account on trade justice see: David Miller, 'Fair Trade : What Does It Mean and Why Does It Matter?', *CSSJ Working Paper Series, SJ013*, November, 2010, 1–27 and Miller, D., (2007): *National Responsibility and Global Justice*, Oxford University Press.

¹⁶⁶ Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press, page: 47.

around the globe. In this scenario, one of the most discussed effects generated by economic globalisation is how it has affected the world's poor.

Peter Singer, in his 2016 book *One World Now: The Ethics of Globalisation*, criticises how the effects that economic globalisation has on poor people throughout the world is measured. He argues that to know the real impact and effects of economic globalisation, it is necessary to have good data on household incomes. Importantly enough, when analysing the overall effect of economic globalisation, he looks at different indicators for measurement, including environmental protection, national sovereignty, democratic practices, and the well-being of the poorest people of the world. In addition to analysing these effects, he highlights that the WTO allows member countries to take measures to protect both human health and natural environments and express these measures in trade agreements. However, the actual practices at the WTO favoured what is called a product-versus-process element which, in practice, ends up somewhat devaluing environmental protection, national sovereignty, and democratic control¹⁶⁷.

Restrictions to free trade are thus motivated by proposals from different views as to the question of what political morality demands is trade to be fair. As explained in this chapter, a moral and socio-political analysis of trade justice will have to face at least two methodological challenges: first, whether it motivates specific principles of justice, and second, whether those principles should be applied in isolation or in an integrative way. As has been illustrated throughout the chapter, economic globalisation is a highly complex issue which implies varied challenges which are global in scope. This departure point might condition the normative analysis of the trade regime and trade justice in general.

The following chapter explores how general global justice theories may contribute to trade justice. To do so, it first briefly identifies the main elements of theories of global justice, their motivation, origin, and evolution. It then identifies and examines what is assessed as fair and unfair, i.e., the moral background behind each major account. Finally, it reviews the principal responses to the identified challenges by the main accounts in the discussions and their actual and potential contribution to trade justice debate.

¹⁶⁷ Singer, P., (2016): *One World Now: The Ethics of Globalisation*, pages: 69-122.

CHAPTER 4. SETTING THE STAGE: THEORIES OF GLOBAL JUSTICE DEALING WITH TRADE JUSTICE

“We need to understand not just the economics of free trade, but also its implications for distributive justice and social norms.”

Dani Rodrik, *The Globalisation Paradox: Democracy and the Future of the World Economy*. 2011. pg. 47.

Introduction

Part One of the dissertation described the historical origin of the main institutions governing international trade since the Second World War. There, I argue that, although the overall international trade among countries is mutually beneficial, leaving trading parties better-off overall and taken as a whole, it generates unjustified inequalities not only among trading parties but also non-trading ones¹⁶⁸. It analysed the main political and economic reasons to engage in international trading activities and become part of the global economic system and the main reasons why failing to do so may be harmful for countries. Following this line, this chapter aims to analyse the main socioeconomic challenges posed by trade and the trade regime. This analysis is guided by the questions on the reasons to find the inequalities related to the identified socioeconomic challenges morally objectionable.

This chapter focuses on analysing, roughly, both what general theories of global justice¹⁶⁹ find morally objectionable in international trade and the trade regime, and how they may contribute to the trade justice debate. To do so, the chapter is divided into four main sections. Section One introduces and describes some of the main socioeconomic challenges presented by international trade and the trade regime. It draws on these challenges posed by international trade, describing how they motivate theories of global justice to deal with global challenges and theories of trade justice to deal with

¹⁶⁸ When the term trading parties is used it refers not only to states or countries trading with each other but to a broad conception of trade agents that includes both individuals and firms or multinationals.

¹⁶⁹ Throughout this chapter, whenever I mention justice I am also thinking about distributive justice.

international trade and the trade regime. Section Two, analyses the origin of these theories through a distinction of their different responses to the main common elements developed by theories dealing both with specific and general global justice accounts, to wit: the *scope* of the theory, where the alleged principles of justice should be applied¹⁷⁰; the *grounds* of the theory, the reasons motivating the application of principles of justice dealing with justice concerns to the agent, population, or institution identified by the *scope*; and finally, the *content* of the theory, i.e., the actual principles of justice, the main moral ideas identifying what should be made just or when and why an inequality is unjust. The main responses to these elements give rise to the main accounts of global justice. The third section elaborates on the *content* of the main principles of justice giving rise to the different accounts of global justice and their evolution with a special focus on the idea of equality behind each account. To do so, this section is organised by responses to the question on why inequalities are morally objectionable. Finally, the fourth section reviews the main responses presented to challenges associated with international trade and the trade regime by the identified main theories of justice and distinguishes them by their contribution to the trade justice debate. In doing so, it classifies the different views on trade in light of the different ideas of equality developed by each account identified in the second section and comes up with five different views: first, cosmopolitan views, second, statist views, third, relational views, fourth, coercion-based views, and fifth, egalitarian views.

4.1 Socioeconomic challenges in trade justice

It is a common assumption in the literature on trade justice to affirm that concerns with assistance, humanity, and even human rights are not the only moral and political

¹⁷⁰ A highly discussed paper by Arash Abizadeh distinguishes and discusses the idea of the *site* of justice from the idea of the *ground* of justice. He argues as follows: “The site of justice is not the same as its scope: the site of justice refers to the *kinds of objects* (individuals’ actions, individuals’ character, rules, or institutions, and so on) appropriately governed by principles of justice, that is, to which the principles of justice rightly apply, whereas the scope refers to the *range of persons* who have claims upon and responsibilities to each other arising from considerations of justice. For the basic structure argument to be valid, its first premise cannot merely be a claim about site, but must also imply something about scope. In particular, its validity requires showing that the boundaries of the basic structure qua site of justice somehow limit the scope of justice to the range of persons whose lives are regulated by the existing basic structure.” Abizadeh, A., (2007): “Cooperation, Pervasive Impact, and Coercion: On the Scope (not Site) of Distributive Justice”, *Philosophy and Public Affairs*, Vol. 35, issue 4, pp. 318-358. Pg: 323.

concerns raised by international trade¹⁷¹. In opposition to the economic sceptical who argues that international trade does not call for any assessment beyond economic theory, the literature on justice in trade has identified and distinguished various concerns beyond the mere economic analysis of socioeconomic challenges¹⁷². These concerns include:

- (i) The pervasive and unavoidable effects of international trade among citizens (and non-human animals) of trading states.
- (ii) The differences in bargaining power at institutions of the trade regime such as the WTO and the World Bank which harm developing countries.
- (iii) The fact that either large inequalities in socioeconomic development among states trading, or trading “at the expense of” a trading party, may cause situations of exploitation and both unjustified disadvantages in the weaker trading party and advantages in the stronger party. Trading parties include three different agents: individuals, states, and multinationals¹⁷³.

¹⁷¹ For multiple developments of this idea see: James, A. (2012): *Fairness in Practice: A Social Contract for a Global Economy*, New York: Oxford University Press; Risse, M. (2007): “Fairness in Trade I: Obligations from Trading the Pauper-Labour Argument” *Politics, Philosophy and Economics* 6: 355–77; Kurjanska, M., and Risse, M., (2008): “Fairness in Trade II: Export Subsidies and the Fair Trade Movement”, *Politics, Philosophy and Economics*, Vol. 7 Issue 1; Risse, M., (2012): *On Global Justice*, Princeton University Press; Risse, M., and Wollner, G. (2014): “Three Images of Trade: On the Place of Trade in a Theory of Global Justice”, *Moral Philosophy and Politics* 1/2, 201-225 and Risse, M., and Wollner, G. (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press, and Barry, B., and Reddy, S. (2008): *International Trade and Labour Standards: A Proposal for Linkage*, New York: Columbia University Press.

¹⁷² For an egalitarian account of justice in trade see: James, A., (2012): *Fairness in Practice: A Social Contract for a Global Economy*. See specifically chapters 5, 6, and 7; for an elaborated account of the harms of trade arguing in favour of restricting either certain harmful practices and the participation in the trade regime or providing compensation, see: Christensen, J., (2017): *On Trade Justice*. Oxford: Oxford University Press, chapters 2 to 4; for a coercion-based account for the application of distributive justice principles to the trade regime including International Economic Law regulating the World Trade Organisation see: Suttle, O., (2017): *Distributive Justice and World Trade Law: A Political Theory of International Trade Regulation*. Cambridge: Cambridge University Press; for an exploitation-based account see: Risse, M., and Wollner, G., (2019): *On Trade Justice: a Philosophical Plea for a New Global Deal*, Oxford: Oxford University Press. These accounts are resumed and explained in some more detail in section three of this chapter.

¹⁷³ For this last argument see Risse, M. (2007): “Fairness in Trade I: Obligations from Trading and the Pauper-Labour Argument” pp. 362-365. Although it is important to notice that, when objecting to unjustified disadvantages, Risse argues that equality of opportunity as a fairness concern does not apply in the case of justice in trade. This argument is resumed and explain in some more detail in chapter five on Risse and James’s accounts.

- (iv) The peril, as noticed by anti-globalisation movements, of international trade threatening the continuity of certain jobs and eroding cultural expressions¹⁷⁴.

Some of these challenges, such as concerns with job losses and cultural diversity, should be examined against other competing values as there might be a tension between the protection of jobs and cultural expression and, as stated in Chapter One, economic development in certain countries. These concerns pose reasons to consider trade practices and institutions, i.e., the trade regime, as morally objectionable. Responses to these concerns depend on which moral principles should be fulfilled according to different views, as a result of addressing these moral demands. For example, there are accounts of trade justice condemning and/or restricting certain types of trading relations that produce exploitation in trading parties such as in the case of sweatshop labour.

These accounts might be based on a moral requirement demanding equality among trading parties, including individuals, multinationals, and countries. This egalitarian requirement may vary depending on whether the focus of the theory is, for example, the distribution of the gains from trade, in which case it defines a distributional concern with equality, and/or it might be focused on equal treatment and social equality as a condition of the legitimacy of the trade regime, defining what might be called a relational or social egalitarian account¹⁷⁵. At this point, it is important to notice two clarifications: first, distributional concerns do not endorse that principles of distributive justice would be enough and/or the sole principles needed to achieve just institutions, and second, that distributive justice concerns and accounts may accommodate demands of equal treatment to institutions. In this line, famously, Dworkin develops his account of equality of resources with the requirement that individuals should be regarded as equals and be entitled to equal concern and respect, i.e., equal treatment, from social and political institutions¹⁷⁶. Concerns with how institutions should display their duty to treat their subjects or citizens with equal concern and respect generates different views grounded in different ideas of equality. Some of these views, such as mere cosmopolitan

¹⁷⁴ For an account promoting restrictions to trade between developing and developed countries in certain cases see: Christensen, J., (2017): *On Trade Justice*. Oxford: Oxford University Press, chapter 4.

¹⁷⁵ It is relevant to point out that a concern with equal treatment as a requirement of the legitimacy of institutions at the trade regime might be equally valid in cosmopolitan and relational accounts.

¹⁷⁶ See: Dworkin, R. (1977): *Taking rights seriously*. Cambridge, MA: Harvard University Press; and Dworkin, R., (2000): *Sovereign Virtue: the Theory and Practice of Equality*, Cambridge: Harvard University Press, Chapter 4, 184-211.

views, argue that principles of egalitarian justice should be extended beyond the state's borders to redress socioeconomic inequalities globally¹⁷⁷.

Broadly considered, nationalist or statist views argue, roughly, that principles of egalitarian justice should be restricted to domestic institutions as international institutions and practices lack the necessary requirements, such as coercion, to impose such duties on citizens of different countries. But before examining this discussion between cosmopolitanism and nationalism or statism in Sections Two and Three of this chapter, this section describes six main socioeconomic challenges that motivate and adds complexity to the discussion of trade justice.

In the literature on justice in trade it is a common place to argue that it might be said that the socioeconomic impact of the trading regime may be harmful for trading parties, taken as a whole or separately. However, the socioeconomic challenges that are taken as morally objectionable, that is to say, as susceptible to being judged as fair or unfair by the trade regime, motivate different accounts of justice which judge those potential harms and inequalities differently in light of at least three considerations that are laid out in the next section, to wit: to whom do I owe duties of justice in the examined context? Where should principles of justice be applied? The *scope* (or site) of justice; why do I have these duties of justice? The *grounds* of justice; and finally, what type of obligations of justice do I owe? The *content* of the principles of justice that will be applied.

In this sense, six different socioeconomic challenges can serve as a starting point to illustrate this discussion as they gather some of the harms of trade that are most relevant and commonly agreed upon by the literature. These challenges are identified both by different normative and economic theories of justice¹⁷⁸.

1. Insufficient distribution of the gains and costs generated by trade, or by the participation in the trading regime, in trading transactions, etc, produces

¹⁷⁷ These views have been criticized because they translate civil, political, and socioeconomic equality with moral equality of persons. In this sense, this critique emphasizes that equal respect and concern does not tell us what we owe to each other. This critique can be found in: Valentini, L., (2011): *Justice in a Globalized World: A Normative Framework*, Oxford University Press.

¹⁷⁸ This analysis parallels what Aaron James calls "fairness in international political morality". For a deeper analysis and James's own views see: Aaron James (2012), *Fairness in Trade: A Social Contract for a Global Economy* New York: Oxford University Press.

difficulties to fulfil individuals' interests and needs by their corresponding institutions.

2. *Hyperglobalisation* generates institutional disempowerment not only in terms of legitimacy but in terms of sovereignty and the right to rule over a certain set of issues both in domestic and international institutions.
3. Market failures, such as externalities, generate unintended and side effects thus producing gains and costs also outside the trading framework at issue, this is to say, among trading and non-trading parties.
4. An inadequate distribution of both the gains and costs derived by trade and the trade regime may also generate exclusion, domination, and stigmatization of the weak parties in institutionally mediated trading relations.
5. High different levels of socioeconomic development among developed and developing countries may cause exploitation from one trading partner to another, as well as trading at the expense of the weaker (so defined) party (trading parties may be a country, an individual, or a multinational).
6. Highly unequal exchanges and wages among two trading parties may perpetuate global inequalities.

Moreover, these socioeconomic challenges¹⁷⁹ are addressed by different theories of justice in trade which, as a result, propose different scopes, grounds, and contents of justice principles. Different accounts provide different frameworks to first identify what constitutes the subject of demands of justice and then, assess what moral principles should that identified subject fulfill to be fair. The challenge of an insufficient distribution of gains and costs within countries is addressed by accounts concerned with inequality within states but also among states or at least among trading parties.

¹⁷⁹ Other accounts have identified similar socioeconomic trade related challenges, for example, Andrew Walton identifies seven different "complaints about the global economy". Briefly, he affirms that, first, developing countries do not reach fair opportunities to develop their economies; second, less-advantaged individuals might be in a difficult situation vulnerable to exploitation and oppression; third, different labour standards among countries make the case for unfair access to the market, such as in the case of sweatshop labour; fourth, economic transactions might involve morally regrettable practices, such as sexual servitude; fifth, in some countries, poor producers are obliged to work in unsafe conditions; sixth, in some trade exchanges a party may not receive fair pay for her work; seventh, in a trade exchange, some party may not have enough resources to fulfil some need or desire. See: Walton, A., (2014), "Justice in Trade: An Argument for (more) Holism." (*manuscript*) p. 5.

Hyperglobalisation concerns are also addressed by economists¹⁸⁰, relatedly, market failures and externalities motivate accounts to extend the scope of principles of justice beyond borders. Distributive claims generate further harms including discrimination, domination, and exclusion. These challenges are usually analysed in negotiation contexts, i.e., making the case for moral duties to apply to the institutions of the trade regime, thus including concerns with the legitimacy of these institutions. Concerns with exploitation and derivative moral wrongs generated by inequalities both in bargaining and economic power and development are usually addressed by relational perspectives which account for the moral wrongs generated and within trade relations. A further complexity of the latter challenge is the perpetuation of inequalities in power and development among trading parties. On the one hand, egalitarian and cosmopolitan theories address this context aiming at reverting the inequalities¹⁸¹. On the other side, some relational accounts would not consider these inequalities as morally objectionable in absence of relations of exploitation¹⁸². At this point it should be noted that the socioeconomic challenges described above do not exhaust the objections, i.e., fairness concerns, to the global economic system as it is arranged today.

Along these lines, the following section presents and comparatively analyses the most discussed accounts of global justice through the three elements mentioned which constitute and define any view of justice, to wit: its *scope*, *ground*, and *content*.

4.2. Common main elements of global justice accounts: *scope*, *ground*, *content*

As explained in Section One, there is a wide debate on how the different views on global justice should account for the socioeconomic inequalities happening at the domestic and global realms, which are partly generated by global challenges, with the

¹⁸⁰ See: Stiglitz, J., (2006): *Making Globalization Work*, and Rodrik, D., (2011): *The Globalisation Paradox: Democracy and the Future of the World Economy*, New York and London: W.W. Norton.

¹⁸¹ See critics to the traditional debate on global justice among cosmopolitans and nationalists in: James, A., (2012): *Fairness in Practice: a Social Contract for a Global Economy*, pp. 4-18. James argues that this dichotomy does not shed light on the moral and socioeconomic concerns raised by trade.

¹⁸² This discussion and final decision on whether these inequalities are considered morally objectionable or not depends highly on the concept of exploitation endorsed by those accounts, i.e., on whether the alleged inequalities are generated and/or generate relations of exploitation.

aim of providing equal treatment for subjects of those regulatory institutions¹⁸³. The previous section has sketched some of the main socioeconomic challenges posed by trade practices and the trade regime and has briefly explained how they motivate different reasons to be concerned by them and correspondingly propose different responses. This section goes one step further and identifies the origin and main reasons for the principal theories developed to account for global justice challenges considering their different responses. It does so by describing the different theories organised in light of how they define the *scope*, *ground*, and *content* of their theories.

It can be said that there are at least three main elements that are present in every theory of justice, to wit: the *scope* of the constitutive principles of justice, the *ground* for such principles, and finally, the *content* of the defined principles. First, by the *scope* of principles of justice the targeted discussion is, roughly, not only on where principles of justice should be applied but also among whom, i.e., who is the target of what principles of justice, that is to say, which range of people owe obligations of justice to each other and when should the alleged principles of justice be applied.¹⁸⁴ Second, *ground(s)* of justice refers to the debate focused on why moral concerns should be applied to a population or an institution. This debate addresses questions on what is relevant from that agent, population, or institution to be applied to any principles of justice. Specific challenges are morally objectionable and what reasons do we have to object to that challenge. The *ground* and *scope* of principles of justice are directly related. Debates about where principles of justice should be applied, such as in the case in which gains from trade have been acquired by a country trading internationally, rises question on the *scope*, i.e., on whether the distribution of the gains should be between agents trading under the trade regime and/or among citizens of each state or country trading. This

¹⁸³ It is important to distinguish between principles of justice and rules of regulation. For an illuminating discussion see: Cohen, G. A. (2004): *Rescuing Justice and Equality*, Harvard University Press. In the debate on whether rules of regulation are part of the content of justice I endorse Elisabeth Anderson's view in line with Rawls's view when she affirms that: "(...) Cohen's complaint that contractualists confuse principles of justice with rules of regulation, and thus incorporate into their principles' values of publicity, feasibility, stability, and efficiency that are alien to justice. I argue that these considerations are internal to an interpersonal conception of justice, which holds that principles of justice are essentially regulative." Anderson, E., (2010): 'The Fundamental Disagreement between Luck Egalitarians and Relational Egalitarians', *Canadian Journal of Philosophy*, 40/sup1 (2010), 1–23, p.3, 4.

¹⁸⁴ For an enlightened discussion on the scope and site of principles of justice as well as a structured discussion on the ground of equality beyond borders see: Kok-chor Tan, 'Justice , Institutions , and Luck : The Site , Ground , and Scope of Equality.

debate has at least two main responses, those who argue in favour of applying egalitarian principles beyond frontiers and those who argue in favour of less demanding moral obligations beyond frontiers. The interconnection between the *scope* and the *ground* is clear as the discussion about the *scope* is conditioned by the background moral idea determining the *ground(s)* of the principles, which is why it is morally relevant to apply principles of justice to an agent, a population, and/or an institution. Thus, it can be said that the principles of justice dealing with global challenges such as international trade and their associated socioeconomic complexities, are a result of the discussion on the reasons why it is morally relevant to apply such principles to an agent or institution dealing with or affected by morally regrettable trading challenges.

The third feature of the constitutive elements of any account of justice is the *content* of the principles of justice. In the case of the distribution of the gains from trade, it implies that justice prescribes what should be distributed among agents involved in trading activities, i.e., what they owe to each other in distributive terms in making the distribution of gains from trade fair. The *content* of the principles of justice in trade lays out the discussion on what moral principles should be fulfilled to consider the trading regime fair, i.e., it addresses the question of why certain socioeconomic challenges are considered morally objectionable. In turn, the discussion on what moral principles should be fulfilled in the case of international trade directly determines both its *scope* and *grounds*¹⁸⁵. That is to say, the discussion on both the *ground* and *scope* of principles of justice in trade are directly conditioned by the arguments posing moral objections to trade related inequalities and socioeconomic inequalities among and within agents trading internationally to which the corresponding requirements of justice apply.¹⁸⁶

How do these common elements give rise to different justice accounts, specifically accounts of justice in trade? What are the most discussed views? How do the *scope* and

¹⁸⁵ Prominent examples that focus on the discussion on the *ground* and *scope* of justice in trade include: Risse, M (2013): 'A Précis of On Global Justice with Emphasis on Implications for International Institutions', *Boston College Law Review*, 54/3, 1037–62, see e.g., pp. 1038, 1043, 1044, and 1059. Risse, M. (2007): 'Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument', *Politics, Philosophy & Economics*, 6/3, 355–77; Kurjansk, M. and Risse, M (2008): 'Fairness in Trade II: Export Subsidies and the Fair Trade Movement', *Politics, Philosophy & Economics*, 7/1, 29–56.

¹⁸⁶ Some examples include: Barry, C., (2014): 'The Regulation of Harm in International Trade: A Critique of James's Collective Due Care Principle', *Canadian Journal of Philosophy*, 44/2, 255–63. Aaron, J. (2014): 'A Theory of Fairness in Trade', *Moral Philosophy and Politics*; 1(2): 177–200.

grounds of justice condition the identification of what is wrong with trade-related inequalities? Does the trading practice generate its own duties of justice, i.e., is it a distinctive ground of justice? The following features will guide the analysis: first, the *scope* and target of principles of justice define which are the institutions and/or agents where principles should be applied¹⁸⁷, second, the *grounds* for principles of justice define which are the morally relevant practices, relations, affected population, to apply such principles¹⁸⁸, third, the *content* of the principles of justice which defines why an inequality is considered just or unjust and when are socioeconomic inequalities, such as those identified in the first section, are a subject of moral concern.

a) On the *scope* of theories of justice

Over the last thirty years the debate on what justice requires on the global sphere was drawn along the lines of a dichotomic analysis. That is to say, the positions that have defined the framework for the discussion on global justice, in other words, how to account for global socioeconomic inequalities and, more precisely, on global distributive justice, have established an enduring dichotomy. The two main positions that have defined this debate are the following: nationalist, statist, or parochial views of justice beyond borders¹⁸⁹ and cosmopolitan or global views of justice beyond borders¹⁹⁰. Although the debate has generated many detailed positions and middle views such as

¹⁸⁷ Different theories in the global justice debate are precisely separated by this element. In particular, the debate distinguishes cosmopolitan theories, roughly, those that conceive moral duties beyond borders, from parochial accounts, those that do not identify global or international moral duties beyond a general duty of humanitarian assistance and related duties.

¹⁸⁸ In the literature on global justice, there has recently been a development of accounts and proposals in the topic of justice in trade. These accounts are varied in content, grounds, and objectives. See, among others: Miller, 'Fair Trade: What Does It Mean and Why Does It Matter?' Helena De Bres, 'The Cooperation Argument for Fairness in International Trade', *Journal of Social Philosophy*, 42.2 (2011), 192–218 <<https://doi.org/10.1111/j.1467-9833.2011.01526.x>>. Mathias Risse, 'Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument'. James, 'A Theory of Fairness in Trade'. Christian Barry and Sanjay G Reddy, 'International Trade and Labor Standards: A Proposal for Linkage' (2006) 545.

¹⁸⁹ Prominent examples include Nagel, T., (2005): "The Problem of Global Justice", *Philosophy and Public Affairs*; Miller, D., (2007) *National Responsibility and Global Justice.*, Oxford University Press; and Blake, M., (2013): *Justice and Foreign Policy*, Oxford University Press, among others.

¹⁹⁰ Some of the most relevant views include: Caney, S., (2005): *Justice Beyond Borders: a Global Political Theory*, Oxford University Press, Barry, B., (1998): 'International Society from a Cosmopolitan Perspective', in D. Mapel and T. Nardin (eds), *International Society: Diverse Ethical Perspectives*, Princeton NJ: Princeton University Press, pp. 144–63; Beitz, Ch., (1999): *Political Theory and International Relations*; Singer, P., (1972): 'Famine, Affluence, and Morality', *Philosophy and Public Affairs*, 1 (3), 229–43.

the Rawlsian so-called *Society of well-ordered Peoples*¹⁹¹, the question on whether egalitarian principles of justice are global in scope divides the different positions resulting in this unfruitful dichotomy.

Precisely, the discussion on which obligations of justice should apply beyond the state is a discussion about the *scope* of justice. Traditionally, nationalist views have argued that the application of principles of justice should be restricted to the state's borders. However, during the last decades, many political philosophers have argued against this traditional assumption and in favour of either extending or not restricting principles of justice to domestic borders, that is to say, making them global in *scope*. Cosmopolitan and nationalist accounts have, nonetheless, developed various sub-views around this matter.

The discussion on the *scope* of the principles of justice has been highly influenced by the publication in 1999 of John Rawls' *The Law of Peoples*. There, Rawls clearly rejects the idea of a global basic structure thus ruling out the possibility of applying principles of egalitarian justice beyond borders in absence of institutions gathering the characteristics established to do so¹⁹². Broadly, cosmopolitan authors disagree with this view. In the debate on the *scope* of the application of principles of justice, some cosmopolitans defend the existence of a shortage of a global basic structure due to pervasive coercion and practices existing internationally or argue that though there is greater interaction and interdependence domestically, the difference is shrinking and a matter of degree. The trade regime, the WTO, the World Bank, and other organisations alike make the case, according to these cosmopolitans, for a global basic structure. One of the main arguments for this is that these institutions distribute and relocate

¹⁹¹ Although Rawls's view has been targeted as nationalistic, according to some possible reading of his *Law of Peoples*, in a situation in which the global sphere was harming individuals, such as in the case of global economic challenges producing problems of exploitation, and their government had no possible control with national mechanisms, Rawls would admit a qualified extension of part of his domestic account. According to Samuel Freeman: “[problems of economic exploitation] can [not] be addressed, much less resolved, by a global distribution principle” (...) “Rawls does not have to rule out the possibility of some sort of global distribution principle that supplements the domestic difference principle in the event of the eventual evolution of a complex social web of economic institutions.” Freeman S., (2006): *Rawls*, Blackwell Publishers, pp. 455, 456.

¹⁹² See: Rawls, J., (1999). *The Law of Peoples*, Cambridge: Harvard University Press, pp. 113 – 120.

advantages of a global challenge, such as trade, setting the basic framework for relations and practices among agents trading.

On the Scope of Justice: Cosmopolitan Views

Cosmopolitanism has developed quite a number of variants based on the moral weight given to relations between compatriots, the moral weight given to global material inequalities, but also in relation to restricting the application of principles to institutional design, to institutions, and not applying them to other agents. By way of synthesis, cosmopolitan views that have emerged as a reaction to the Rawlsian arguments can be grouped into two types of cosmopolitanism:

- (i) *Weak* Cosmopolitanism: requirements of justice beyond borders are restricted to fulfil the needs to lead a minimally decent life¹⁹³.
- (ii) *Strong* Cosmopolitanism: cosmopolitanism requires reducing inequalities beyond a threshold of sufficiency, and/or eliminating inequalities among individuals regardless of their nationality¹⁹⁴.

We can say that the most supported view is a broader interpretation of the cosmopolitan view. Even though cosmopolitanism has developed several variants, there is some agreement on the minimum conditions that almost any cosmopolitan view will agree with and according to which it can be defined. These conditions are mainly the following three:

- (i) The *Individualist* Condition: a cosmopolitan view holds that duties of justice obtain among human beings prior to any other subject.
- (ii) The *Universality* Condition: a cosmopolitan view will affirm that everyone is equally a unit of concern regardless of any other consideration.
- (iii) The *Generality* Condition: each human being is the priority for the application of duties of distributive justice.¹⁹⁵

¹⁹³ Brock, G., (2009): *Global Justice: A Cosmopolitan Account* pp.13-14.

¹⁹⁴ Caney, S., (2001): "Review Article: International Distributive Justice" *Political Studies Vol. 49*, 074-997.

It might be said that the view with the most endorsements is the cosmopolitan view broadly understood. In this sense, as some authors have emphasized, one of the main characteristics of broad cosmopolitan views, i.e., recognising the moral equality of every human being, is shared not only among all the different views within cosmopolitanism, but also among any plausible account of statism or nationalism.¹⁹⁶ Indeed, as Will Kymlicka points out, all plausible theories of domestic justice define the social, economic, and political conditions in which community members are treated as equals¹⁹⁷.

On the Scope of Justice: Nationalist or Statist Views

Nationalist, or statist views reject the application of mostly egalitarian duties of justice among individuals who do not share the same state's institutions. They argue that states must focus on promoting and providing the resources necessary for their citizens to develop and carry out their interests, rather than worrying about the standard of living of people in other countries. They argue that domestic institutions operate better in complying with distributive requirements than international ones¹⁹⁸. This line of thought has developed many variants. To illustrate this point, suffice it to mention the two most discussed sub-views of nationalism or statism, to wit¹⁹⁹:

- (i) *Strong* nationalism/statism: it denies global principles of justice and defends the *national duties* thesis according to which: "individuals bear special obligations of distributive justice to other members of their nation."²⁰⁰
- (ii) *Weak* nationalism/statism: it argues that duties of justice are owed beyond borders but that they will be less demanding than those that are owed to co-

¹⁹⁵ This synthesis has been developed in Pogge 1994; and resumed by Caney 2005.

¹⁹⁶ Risse sums up this idea as following: "All plausible theories of domestic justice define "the social, economic and political conditions under which the members of the community are treated as equals" (Kymlicka, 2002, 4). Similarly, all plausible theories of global justice ascribe significance to moral equality." Risse, M., (2012): "Global Justice", on Estlund, D., (Ed.), *Oxford Handbook of Political Philosophy*, pp. 263-278.

¹⁹⁷ Kymlicka, W., (2001): *Contemporary Political Philosophy: an Introduction*, New York: Oxford University Press.

¹⁹⁸ This argument has also been developed by Kenneth Waltz and Alasdair MacIntyre.

¹⁹⁹ I take the arguments for this classification of the two views within the nationalist account from Caney, S., (2001): "Review Article: International Distributive Justice" 49 *Political Studies*, pg: 980 - 983.

²⁰⁰ *Ibid*, pg: 980.

citizens. For example, they reject the transnational application of egalitarian principles, but admit. But admit the application of non-egalitarian principles, like sufficiency, and so may admit a duty of assistance, like Rawls recommends.

It might be said that there is a certain overlap between *weak* nationalist and non-nationalist arguments. A consistent argument of this kind could defend nationalist values by defending that, relations between compatriots may contribute to generate relevant social bonds, while defending the idea that international institutions must be governed by principles of justice that ensure equal treatment for their subjects²⁰¹. In the case of trade, authors under this view may argue that, for this reason international justice will only consider the distribution of the gains from trade between trading parties and related claims of trade justice as indirectly relevant to international justice.

Recently, some authors have claimed that the theoretical framework posed by responses to the *scope* of justice has not been productive to assess questions of justice beyond borders. They hold that the dichotomy generated between nationalist, and cosmopolitan views, the dichotomy regarding the discussion of the *scope* of justice, has been retaining further analysis²⁰² of concrete global cases such as global trade, the climate emergency, and further global challenges that not only affect every nation but represent a consequence of the interaction among them.²⁰³

b) On the *grounds* of theories of justice

The main aim of the discussion on the *grounds* of justice is to identify why a population, institution, or an agent should be subject to principles of justice, this is to

²⁰¹ This argument has been defended by Kok-Chor Tan.

²⁰² For the sake of clarity, it is worth distinguishing between global and international spheres. International justice refers to those practices that happen among international agents such as countries, thus, the main different between global and international justice is that the latter is state-mediated. Global justice, on the other hand, refers to practices that are not state-mediated. Global practices refer to relations among individuals and states or individuals and firms and multinationals or relations among multinationals that generate another sphere of justice beyond state borders.

²⁰³ See for example: Valentini, L., (2011) *Justice in a Globalised World: a Normative Framework*, Oxford University Press; Hassoun, N., (2012): *Globalisation and Global Justice: Shrinking Distance, Expanding Obligations*, Cambridge University Press; Gilibert, P., (2012): *From Global Poverty to Global Equality: a Philosophical Exploration*, Oxford University Press, among others.

say, why do they have a valid morally relevant claim. Section One has identified various reasons that contribute to the answer of this question, to wit, agents trading are subjects to principles of justice as they have valid claims regarding how the trade regime pervasively affects them. In addition, they are subject to the trade regime which exerts coercive commands on them. Socioeconomic challenges such as market failures and thus, externalities, have a pervasive impact, not only on trading parties but also on non-trading ones.

Coercion is a key element in the discussion of the *grounds* of justice. This argument has been widely used to analyse different global justice claims as it is widely recognised by the main different responses to the *scope* of justice: nationalist and cosmopolitans. *Weak* nationalist views, recognise coercion as a valid source of justice claims beyond borders.

Authors such as Michael Blake, Mathias Risse, and Samuel Freeman, recognize that the international order has the capacity to change schemes and that management of global challenges will directly impact states, using the Rawlsian term, *well-ordered peoples* and states. This context makes the case for *grounds* of justice and thus even *weak* nationalist claims agree to apply certain principles of distributive justice to institutions beyond borders dealing with global challenges with the primary aim of contributing to protect citizens in states²⁰⁴. One much discussed case presented to these views is the context in which states fail to provide an adequate minimum protection and a just distribution of the benefits and burdens of social cooperation to their citizens so that they can flourish and have a life worth living. In these cases, they agree to directly apply a duty of assistance to states.

Another much discussed *ground* for justice is the claim for cooperation among states to face global challenges. General theories of global justice identify global challenges that affect different agents in different nations and their corresponding institutions, and in many cases, if not all, urge them to cooperate to correctly face such challenges. The WTO is a clear case of a cooperative scheme. It issues valid commands to its members which are binding and thus have a direct impact on a states' citizens.

²⁰⁴ For an enlightened elaboration of this argument see: M., Blake.(2001): 'Distributive Justice, State Coercion, and Autonomy', *Philosophy and Public Affairs*, 30.3 (2001), 257–96; and Freeman, S.,(2006): 'The Law of Peoples, Social Cooperation, Human Rights, and Distributive Justice', *Justice and Global Politics*, 29–68.

The claim for identifying the WTO as subject to the application of principles of justice beyond borders is based on its capacity to exert authority jointly with other institutions of the trade regime. The trade regime may thus be considered a cooperative context setting the background conditions for cooperation among different agents taking part in the regime. Another further reason to consider the WTO and the trade regime as a *ground* for the application of principles of justice is that, as some authors claim, it might be thought that countries or agents have no opt-out option from participating in economic globalisation²⁰⁵. It is a further question whether these *grounds* make the case for the application of principles of justice to the harms they generate or whether there are instead other obligations or duties that could better account for these harms.

One main related question to this last puzzling point is whether this and related contexts make the case for trade justice to develop its own duties of justice, i.e., *internal* principles, or would these puzzling situations be better answered by *external* or more general principles of justice that apply to other institutions and agents²⁰⁶. Contrary to *internal* principles of justice, accounts of *external* principles deny that global challenges such as global trade generate their own principles. To make the case for *internal* principles of trade justice, the trade regime should be considered as a *ground* of justice different from others, i.e., in its own right. This does not prevent the existence of other *grounds* for justice jointly with the trade regime, but the principles applied to this particular *ground* would be different from those applied in others. As it is described in section four of this chapter, some of the main responses to the socioeconomic challenges posed by trade have opposite views in this regard. Briefly, on the one hand, egalitarian accounts such as cosmopolitan ones endorse the application of egalitarian principles of justice to the trade regime to redress harms inflicted by those trade institutions. However, the principles applied in this case are not unique to this context.

Egalitarian principles of justice to, for example, distribute the gains from trade equally among trading agents, are also applied to domestic institutions over a wide range of

²⁰⁵ For a development of this argument see: Cohen, J., and Sabel, C. (2006): ‘Extra Rempublicam Nulla Justitia?’, *Philosophy and Public Affairs*, 34.2, 147–75 and Moellendorf, D., (2011): ‘Why Global Inequality Matters’, 42.1, 99–109.

²⁰⁶ For a thoughtful discussion on whether international trade makes the case for its own duties of justice see: Andrew Walton, ‘Do Moral Duties Arise from Global Trade?’, *Moral Philosophy and Politics*, 1/2 (2014), 249–68.

contexts. On the other hand, some relational views, i.e., views which confer a special moral significance to relations constituting a specific practice, identify specific principles addressing trade harms. Some of these relational views establish exploitation as a morally relevant and definitive element of trade. Thus, the application of principles of justice aiming at redressing situations of exploitation are uniquely applied to practices where this distinctive type of relation is happening.

The following sub-section focuses on the debate on the *content* of the principles of justice. It analyses why inequalities are unjust and when they are the subject of such principles. These debates that lay at the background of distributive concerns, such as how to display equal concern for a certain population and thus how to conceive of equality in different accounts including cosmopolitan and relational ones, offer a fertile field for analysis within trade justice.

c) On the *content* of theories of justice

A concern with the *content* of principles of justice in the case of trade and the trade regime analyses, first, how to identify what is just and unjust in the trade regime and second, how to deal with the subsequent moral challenges posed by the trade regime. The analysis on the *content* of different accounts of justice identifies what may be assessed as fair or unfair within justice in trade by each account, and then, it sketches what moral requisites should be fulfilled, according to each account, in order to render the trading regime fair and redress what is morally objectionable.

The *locus classicus* to establish a framework to elucidate what justice demands in concrete cases beyond the *scope* of its principles is a society whose members share the goods and resources that are available to them, part of which are generated by their common activity. Members of this society decide to cooperate and distribute the benefits and burdens of cooperation with each other. In this framework, the *content* of principles of justice assesses whether the society is just in light of two features: first, whether the distribution of resources, goods, and burdens is fair according to the specific idea of justice of the alleged society; and second, whether this distribution enables political equality, and the main societal institutions thus, treat all persons subjected to them equally. In this sense, the *content* of principles of justice plays a

twofold role: first, it assesses whether the society is just or not, and second, it guides action to improve it. One main complexity is the feasibility of principles of justice. In non-ideal circumstances, principles of justice will guide, e.g., the distribution, among other measures, to grant distributional and political fairness to improve the state of affairs getting closer to what justice demands.

How the distribution of goods, resources, and burdens produced by cooperation among agents should be arranged to be just is a central question in the justice debate and it has been extended to justice debates within specific challenges. In the case of trade, it is applied to the distribution of gains acquired by different agents trading. Concerns with equality have also been applied to negotiation power at the trade institutions and equality of treatment identifying situations of exploitation or benefiting from injustices, i.e., from trading at the expense of a trading party, rendering the exchange not mutually beneficial.

Concerns with distributive equality aim to respond to the question of when a distribution is fair by favouring, broadly speaking, equal distribution over other competing distributive alternatives. The egalitarian distribution of goods and resources in a cooperative scheme opens two related questions: first, what should be distributed fairly in a just society? Gerald Allan Cohen puts it in egalitarian terms: “(...) there is something which justice requires people to have equal amounts of (...)”²⁰⁷ But we may ask, more generally, what should be distributed equally or according to the favoured principle of distribution, as the debate on the metric applies also to those who advocate priority or sufficiency. For brevity, however, I shall focus on equality. Second, might it be the case that justice demands the equal distribution of a certain *metric* or *distribuenda* of justice²⁰⁸ but another type of distribution of another *metric* or *distribuenda* of justice?

²⁰⁷ For the full paper see: G. A. Cohen, G.A., (1989): ‘On the Currency of Egalitarian Justice’, *Ethics*, 99/4, 906.

²⁰⁸ The *metric* of justice refers to those goods, services, capabilities, opportunities, etc, that can be distributed according to different distributional patterns such as priority or equality. For a clarificatory distinction between the *metric* and the *distribuenda* of justice see Anca Gheaus: “The familiar candidates for the metric of justice are resources, opportunity for welfare, access to advantage and capabilities. But individuals’ welfare, advantage or capabilities are a function of their enjoyment of particular goods, and the overall resources they can possess is a sum of particular goods. I call the particular goods that are to

The first question addresses the so-called *Equality of What?* debate, that is to say, the debate on the currency of justice.²⁰⁹ The central question of this debate departs from the assumption of Cohen, i.e., that there are certain goods or resources that people should have “equal amounts of, not no matter what, but to whatever extent is allowed by values which compete with distributive equality”²¹⁰. Thus, what are those goods (*distribuenda*) and capabilities, welfare, opportunities (*metric*) that should be distributed equally according to Cohen, and which take part in the debate on the *metric* of justice? Briefly, the main classical responses to this debate have been three different ones, to wit: first, individuals should have equal opportunity for welfare, as this determines how well peoples’ life go;²¹¹ second, resources or some account of primary goods²¹² should be distributed equally;²¹³ finally, the third classical response to the question on the metric of distributive justice is capabilities.²¹⁴

The second question may be considered as a further complication of the first one. It asks whether a theory of justice in general and a theory of distributive justice in particular may identify and encompass several currencies of justice, that is to say, different *distribuenda* of distributive justice. It is certainly possible to endorse a theory of justice which advocates for distributing resources equally while arguing that capabilities should

be distributed the distribuenda of justice.” Anca Gheaus, A., (2016): ‘Hikers in Flip-Flops: Luck Egalitarianism, Democratic Equality and the Distribuenda of Justice’, *Journal of Applied Philosophy*, pg. 2.

²⁰⁹ Equality of what is the question of a Tanner Lecture by Amartya Sen in 1979. This lecture became a central question for the distributive justice debate. The core discussion was on what should be the core metric for distributive justice. A first response to this question was given by John Rawls in his most important book *A Theory of Justice*. Rawls main answer was that primary goods constituted the right *distribuenda* of distributive justice. There, Sen defends the idea that the right *metric* for a theory of distributive justice are capabilities. For a further review of the debate see both G.A. Cohen’s review article Cohen, G. A., (1993): ‘Amartya Sen’ S Unequal World’ 28 *Economic And Political Weekly* 2156; and Cohen, G. A. (1989): ‘On the Currency of Egalitarian Justice’ 99 *Ethics* 906.

²¹⁰ See: Cohen, G. A. (1989): ‘On the Currency of Egalitarian Justice’ 99 *Ethics* pg. 906.

²¹¹ This position’s main advocates include Richard Arneson, “Equality and Equal Opportunity for Welfare,” *Philosophical Studies* 56 (1989): 77-93.

²¹² Dworkin, ‘What is Equality? Part 1: Equality of Welfare’; ‘What is Equality Part 2: Equality of Resources’.

²¹³ The main advocate of this position has been John Rawls, see: Rawls, J., (1971): *A Theory of Justice*

²¹⁴ This classical answer to the question on the *metric* of distributive justice had two of its main advocates in: Sen, Amartya, *Inequality Re-examined*. (Cambridge Ma.: Harvard University Press, 1992); Sen, Amartya, *On Economic Equality*. Expanded edition. (Oxford: Clarendon Press, 1997); and Nussbaum, Martha, *Women and Human Development*. (Cambridge: Cambridge University Press, 2000). Sen, A., ‘Capability and well-being’, in M. Nussbaum and A. Sen (eds), *The Quality of Life* (Oxford: Clarendon Press, 1993), pp. 30–53.

be distributed based on a sufficientarian calculus²¹⁵. Thus, a plausible theory of justice may not only identify different currencies of distributive justice, but consequently, also remain pluralist about the distributive principles that should apply to such currencies. This position constitutes a so-called pluralistic position²¹⁶. One famous objection to this position is that different principles may conflict in some cases. However, this problem does not seem to rule out this position.

This general discussion arises when evaluating the *content* of principles of justice aiming at redressing the harms of trade or the trade regime. One main challenge within international trade is first, whether there is any *distribuenda*²¹⁷ generated through trading exchanges that trading parties should have equal amounts of (one may think of negotiation power), and second, what are the most appropriate distributive currencies to redress the harms of trade and the impact of economic globalisation as well as maintaining a fair level of advantage among trading and non-trading parties? Should the relative level of advantage between trading parties be equalized, i.e., is advantage in the case of justice in trade a relevant *distribuenda* of principles of justice? If it is, how should advantage be measured? One possible answer is that a theory of equality may argue that what should be equalized is not a concrete *distribuenda*, i.e., resources, capabilities, or opportunity for welfare, but something such as social status, authority, or standing. The following section aims at describing these questions in some more detail guided by two main questions regarding accounts of justice concerned by morally objectionable inequalities due to general socioeconomic challenges and trade-related inequalities.

²¹⁵ Sufficientarian accounts of justice defend, roughly, that distributions of a *distribuenda* or a *metric* should achieve certain threshold to be considered fair. This is to say, that everyone has enough of what is required to stand above a certain threshold of advantage. See: Casal, P., (2007): 'Why Sufficiency Is Not Enough', *Ethics*, 117.2 (2007), 296–326.

²¹⁶ A classic reference of this position is Walzer, M., (1983): *Spheres of Justice*. To illustrate the idea of pluralism in distributive justice in global justice debates see for example Risse's account, which he calls pluralist internationalism. See the complete account of Risse in: Risse, M., (2012): *On Global Justice*.

²¹⁷ In what follows I will favour the use of *distribuenda* instead of *mètric*. The main reason is that in Chapter five I focus on relational theories which combine distributive as well as relational concerns.

4.3 Elaborating the *content* element of theories of justice: main reasons to be concern with trade-related inequalities

An account of justice in trade should establish a framework to identify and assess injustices within international trade. To do so, a moral criterion should first be established within the context of global trade and the global economic system. Political philosophers have mainly focused on distributive concerns, such as the distribution of the gains from trade both among and within countries at the trade regime.²¹⁸ However, harms produced by the trade regime within countries, among countries, and globally have been of different types. In this section, I explore the concern with the *content* of different views of international political morality to analyse what is morally objectionable about trade-related inequalities. The different views are developed considering their different values of equality²¹⁹.

The literature on global justice, as indicated previously, has been polarised by the responses to the discussion on the *scope* of justice's two main positions: cosmopolitanism and statism or nationalism. However, concerns with either the *ground* or the *content* of principles of justice have developed analysis of the socioeconomic challenges raised by trade with a focus other than the moral desirability of socioeconomic equality beyond borders. That is to say, the focus has shifted from the debate on the *scope* of egalitarian principles of justice to how different conceptions of the value of equality affect the normative debates over what reasons we have to oppose inequalities raised, to some extent, by the trade regime.

The different responses to the *content* of justice give different value to equality. In this case, the value of equality determines what inequalities are considered just or unjust. It thus conditions what inequalities would be permitted in a just society and what should be equalized in order for a society to be just. In this debate, not only socioeconomic

²¹⁸ See James, A., (2012): *Fairness in Practice: A Social Contract for a Global Economy*, Oxford University Press.

²¹⁹ For an illuminating discussion on different views about the value of equality see: Anderson, E., (2010): 'The Fundamental Disagreement between Luck Egalitarians and Relational Egalitarians', pp. 1–23.

inequalities are at stake, but also natural and social inequalities.²²⁰ Answers to these questions result in different accounts of what is called the morality of trade²²¹. These views propose, correspondingly, competing answers to guide policy-making in international institutions governing international trade and thus, facing moral challenges including those described in Section One.²²²

The discussion on the morality of trade and the trade regime and the value of equality of the different views is organised due to responses the question on:

(Q1) Why are *inequalities* morally objectionable?²²³

One of the most prominent and discussed accounts of the moral wrongness of inequalities, of Q1, is the analysis of Thomas Scanlon. Scanlon recognizes different types of inequalities and considers the variety of myriad reasons (including instrumental and non-instrumental reasons) to object to inequalities embracing a pluralistic view on why inequality matters. For example, he distinguishes among racial inequality, gender inequality, inequality between the rich and everyone else, between the moderately well off and the very poor, etc. These types of inequalities are objectionable, not only because they do not fulfil, according to Scanlon's view, the general requirement of equal concern, i.e., "the prospects of individuals should be equal"²²⁴ but because of different egalitarian reasons.

Thus, according to Scanlon there are at least two different answers to Q1, why we may oppose inequality for *broad* and *narrow* set of reasons:

²²⁰ By social inequalities I have in mind those inequalities generated by social relations, such as inequality in status, discrimination, different standing, etc. On the other hand, by natural inequalities I mean those differences in talents and abilities, as well as physical or psychical differences that may cause disadvantages such as blindness.

²²¹ This term refers, broadly, to what is morally wrong with trade and it appears, for example, in: Risse, M., (2017): 'Multilateralism and Mega-Regionalism from the Grounds-of-Justice Standpoint', 1–23. P. 4, footnote 5 and in Risse, M. and Wollner, G., (2014): 'Three Images of Trade: On the Place of Trade in a Theory of Global Justice', *Moral Philosophy and Politics*, p. 3.

²²² This display of the taxonomy was inspired by Helena de Bres, 'Justice and International Trade', *Philosophy Compass*, 11.10 (2016), 570–79.

²²³ These questions are inspired by the idea of the badness of inequality in: Scanlon, Thomas, M. (1999): "The Diversity of Objections to Inequality".

²²⁴ Scanlon 2018 p. 198.

- (i) *Broad* egalitarian reasons: they aim at reducing the gap or inequality between two agents regarding a metric. Their arguments may refer to the negative consequences of inequality rather than object to the inequality in itself. According to Scanlon, these reasons are not directly related to equality.
- (ii) *Narrow* egalitarian reasons: they are concerned with equality as objectionable in itself, not due to its consequences. Inequalities without consequences would be morally objectionable under these reasons.²²⁵

Although they can be distinguished, these reasons are not mutually excludable in an account of justice, as they generate different responses to Q1. In some cases, there are egalitarian reasons to object to inequality both in the *broad* and *narrow* senses. To illustrate this possibility, Scanlon poses the example of wealth inequalities that result in “an unacceptable degree of control over the lives of those who have less.” In these cases, the author argues, there are *broad* reasons to object to inequality due to the consequences of domination and control, as well as *narrow* reasons as the unequal relation might be considered as wrong in itself²²⁶. It might be said that *narrow* and *broad* egalitarian reasons may remind us of one well-known distinction on the concern with inequality. Derek Parfit distinguished between *telic* and *deontic* views on the wrongness of inequality. *Telic* views argue that “it is in itself bad if some people are worse off than others”. They judge outcomes or state of affairs. *Deontic* views focus on the process of distribution rather than the outcome of distribution, and judge whether the distributor acted unfairly. They believe that “we should aim for equality, not to make the outcome better, but for some other moral reason.”²²⁷. From this perspective natural inequalities may be bad but are not unjust because there is no distributor, who could have been biased or unfair.

²²⁵ Scanlon, T.M. (2018): ‘Why Does Inequality Matter?’, New York: Oxford University Press, pp. 4, 5.

²²⁶ *Idem*.

²²⁷ See: Parfit, D., (1991): “Equality or Priority?” Lindley Lectures Delivered at the University of Kansas (Lawrence, Kansas).

This dichotomy has been challenged. For example, Martin O’Neill argues that Parfit’s dichotomy is a mischaracterization of the *scope* of principles of justice.²²⁸ He offers a middle path between the two proposed views, highlighting the value of *non-intrinsic* egalitarianism as a previous account of the wrongness of inequality, in its distributional format. Although O’Neill points out that: “It is no part of *non-intrinsic* egalitarianism that the “*content, scope, or justification*” of the demands of equality are themselves generated by social relations; rather, social relations are significant with regard to the *application* of egalitarian considerations”, i.e., when considering Q2. “Thus, although it is centrally concerned with social relations, *non-intrinsic* egalitarianism (...) [might be considered as] a *nonrelational* view.”²²⁹ Broad relational views, such as Rawls’s and Scanlon’s, will agree with O’Neill’s characterization of the wrongness of inequalities proposed by *non-intrinsic* egalitarianism. These relational views characterised in this way may be interpreted as consequentialist views. Construed in this way, a relational account, broadly understood, would mainly focus on the effects of inequality on social relations, among the different agents taking part in the context at stake. However, according to some relational accounts, relations might create morally objectionable inequalities. This is the case of relations of exploitation among, for example, trading parties. Relations of exploitation are morally objectionable because they generate a scheme of unequal treatment among the individual who is exploited and the individual who exploits. According to this account, inequalities in non-relational goods that constitute a barrier for social equality and equal treatment would be unjust inequalities²³⁰.

Another well-known response that can be found in the literature on the *content* of principles of justice to Q1 is that inequalities are bad when they are the product of *luck*. The consideration of luck in moral reasoning is a *locus classicus* in moral and political

²²⁸ For an illuminating discussion see: O’Neill, M., (2008): *What Should Egalitarians Believe?*, *Philosophy and Public Affairs*, 36, no. 2.

²²⁹ Ibid, footnote: 43.

²³⁰ Inequalities can be wrong or unjust in many ways. Broadly, there are instrumental reasons to consider inequalities unjust, such as their effects on citizens: domination, stigmatization, discrimination, suffering, etc. On the other hand, inequalities can be unjust in themselves. Authors such as John Rawls and Thomas Scanlon identify examples of these inequalities: inequalities of social status and feelings of inferiority, and procedural inequalities such as markets and political procedures such as elections, which prevent market efficiency and fair elections respectively. See: Rawls, J., (2001): *Justice as Fairness*, pg. 130, 131. T.M. Scanlon, ‘Why Does Inequality Matter?’, 2005.

philosophy. One main author who catered this concern is Ronald Dworkin. Briefly, Dworkin argues that individuals should be provided with a model of fair insurance enabling them to enjoy the opportunities they would have had in absence of *brute* luck.²³¹ In addition, John Rawls, in *A Theory of Justice*, argues not only for the badness of the impact of luck in distributive shares, but he considers both distributive and relational concerns of justice in his discussion of the interpretation of the principles of justice from the perspective of the *principle of efficiency*.

In a passage discussing the liberal interpretation of the principles of justice, he argues that it is unjust to give social advantage to people due to mere inequalities among their natural talents, i.e., it is unjust to have social advantages given by birth: “It is impossible in practice to secure equal chances of achievement and culture for those similarly endowed, and therefore we may want to adopt a principle that recognizes this fact and also mitigates the arbitrary effects of the natural lottery itself.”²³² A more demanding view of the wrongness of these inequalities is the view so-called luck-egalitarianism.²³³ Very roughly, this view argues that equality demands that inequalities produced by brute luck, i.e., by morally arbitrary features such as natural disabilities or bad brute luck should be compensated. In response to Q1, luck-egalitarians argue, broadly, that inequalities are unjust if they are the consequence of some natural condition or brute luck (understood as another way of justifying egalitarian principles), that is to say, if they have been produced through no fault or choice of their own. Roughly, the main objective of luck-egalitarians is to mitigate the impact of bad brute luck in the lives of individuals.

In response to Q1, egalitarian theories, roughly, argue that individuals should be considered as equals in both moral worth and status. However, this aim may be achieved by various means. This plurality of means includes different responses to Q2

²³¹ Dworkin, R., *Sovereign Virtue*, pg: 73 – 83.

²³² *Ibid*, pg. 74.

²³³ The term luck-egalitarian was coined by Elisabeth Anderson in her 1999 paper “What is the Point of Equality?” published in *Ethics*. There she states the following: “The first conception, which takes the fundamental injustice to be the natural inequality in the distribution of luck, can be called “luck egalitarianism” or “equality of fortune.”” p. 289 To this conception of equality she opposes her conception which is stated in the first pages of her article as following: “Its proper positive aim [of egalitarian justice] is not to ensure that everyone gets what they morally deserve, but to create a community in which people stand in relations of equality to others.” pp. 288,289.

since, considering individuals as equals or to regarding people as having equal moral worth, does not necessarily imply making people's conditions the same in every respect. Thus, at this point, the least controversial thing we can say is that, according to a possible egalitarian view, inequalities are not a subject of moral concern in every case. Therefore, equal respect neither means equal socioeconomic levels, nor does it automatically define what we owe each other. It is true that an egalitarian theory argues in favour of a concrete idea of equality, however, this idea may offer, at least, two possible non-excludable interpretations: first, equality should be secured through the distribution of goods and services, and second, the value of equality relies in equal relations among people which secure equal status, standing and authority.

Finally, the following and last section recalls the main accounts that have been presented in Sections Two and Three and briefly describes and organises them based on their answers to trade justice challenges.

4.4. The contribution to trade justice: a tentative classification

After reviewing the main common elements of any account of justice, we can classify the main views described in Sections Two and Three in five accounts considering their treatment of trade-related inequalities, to wit: first, cosmopolitan views, second, relational views, third, coercion-based views, fourth, egalitarian views, and fifth, statist views.

Justice in trade, as well as other global challenges such as climate justice, has been a focus of attention for political philosophers broadly for the past almost twenty years. With the publication of Charles Beitz's *Political Theory and International Relations* in 1979 and of John Rawls's *The Law of Peoples* in 1999 the discussion of global justice and how justice and normative political philosophy should deal with global justice challenges began. Accordingly, both works have been two of the main influences in this debate.

These two authors briefly reflected on international trade in both books from what might be called a broad relational perspective, the first view in our classification, in the case of Rawls and a broad cosmopolitan perspective, the second view in our classification of the responses to socioeconomic challenges, in the case of Beitz. In the case of Rawls, to account and assess the moral objectionability of inequalities generated by the trade regime and international trade, he develops a theoretical framework of unjust inequalities beyond borders which relies on three main points, to wit:

- (i) Inequalities beyond borders are unjust: unless people either in a domestic society or internationally are provided with what is needed to “make intelligent and effective use of their freedoms and to lead reasonable and worthwhile lives.”²³⁴
- (ii) Inequalities beyond borders are unjust: when they result in stigmatization.
- (iii) Inequalities beyond borders are unjust: when they result in unfair political processes, such as elections or run for public office²³⁵.

In this scheme, Rawls argues that cooperative international organisations where citizens are represented, such as institutions at the trade regime, “will agree to standards of fairness for trade as well as to certain provisions for mutual assistance.”²³⁶ According to one possible interpretation, the main idea behind Rawls’s account is to promote *Peoples’* independence and equality. He defends the right to self-determination and duties of non-intervention mediated by international treaties and a minimal list of human rights. However, in the case of trade, Rawls recognised the need for fair international institutions governing trade as well as the need for domestic institutions fairly distributing the gains and burdens with the aim of enabling their people to flourish and have a life worth living²³⁷.

In the case of Beitz, he goes further and criticizes Rawls’s scope of principles of justice from a broad cosmopolitan perspective. He mainly focuses on interdependencies and

²³⁴ Rawls, J., (1999): *The Law of Peoples*, pp. 114.

²³⁵ This idea can also be found with further development in Scanlon T., (2018): *Why Does Equality Matter?* New York: Oxford University Press, chapter on *Procedural Justice*.

²³⁶ Rawls, J., (1999): *The Law of Peoples*, pp. 115.

²³⁷ *Ibid.* pp. 113 - 115.

social cooperation and briefly argues that international economic institutions have important distributive effects domestically.²³⁸ He highlights that the fact that some countries have the chance of becoming wealthier due to participation in the international economy while others with which they have economic relations do not, and even lose out, will make “principles of domestic justice (...) genuine principles of justice only if they are consistent with principles of justice for the entire global scheme.”²³⁹ Both Rawls’s and Beitz’s accounts focus on the distributive effects of international trade, however, none of them consider international trade and its institutions as a field of moral evaluation in itself. Both views endorse *external* principles of justice to account for trade-related challenges both internationally and domestically.

As mentioned in Section Two, according to the literature, the main views responding to the key question on the *scope* of trade-related challenges have been cosmopolitan and statist/nationalist views. The identification of new challenges and concerns, in line with the analysis carried out within the global justice debate, contributed to emphasize the need for new frameworks capable of a more detailed analysis of different and complex global challenges resulting from an increasingly integrated global order. These new global challenges have showed that political philosophers should not decide what is the *scope* of the distributive justice depending on the scope of the relevant institution.²⁴⁰ Alternatively, we should not decide the cope of distributive justice depending on whether existing institutions are local or global. Instead, when a phenomenon like climate change or international trade is global, we should ask what sort of changes are needed for climate change or global trade not to be unjust. This relatively new perspective of global justice analysis on concrete challenges within the global sphere has disentangled and laid out the analysis of new features within the global order that, as a result, have showed the cosmopolitan and non-cosmopolitan debate unfruitful. This distinction, among others, contributes both to further unpack the concept of cosmopolitanism and change the normative focus of the analysis, thus offering new methodologies and frameworks for assessment.

²³⁸ Beitz, Ch., (1979): *Political Theory and International Relations*, pp. 147, 148.

²³⁹ *Ibid*, pp. 150.

²⁴⁰ The definition of institutions that I used is a broad one. As a consequence, this view will consider as institutions both the family as well as the World Trade Organisation.

Recent examples of this way of framing global justice include Laura Valentini's account of coercion. After cosmopolitan and relational approaches, the coercion-based account, the third view, is an example of focusing on relations and more in particular on relations of coercion as the main *ground* to assess global inequalities. As a result, it can be said that Valentini favours an analysis of global challenges which overcomes the cosmopolitan/nationalist dichotomy. To do so, she focuses on relations of coercion and their effect of restricting freedom. According to Valentini, justice should legitimize restrictions of freedom, that is to say, it should establish the conditions under which restrictions of freedom would be legitimate. Those conditions of moral justifiability are what Valentini calls principles of justice.²⁴¹

In her view, theorizing about global justice requires a broader concept of coercion which she takes as a starting point. In her account, the international order is seen as a network of different coercive relations that makes the case for principles of justice with different content in light of the forms of coercion they address. Coercive relations among nations condition citizens' welfare and interests which generates a case for non-interference with state's sovereignty. In the case of international institutions, they are hold responsible for coercion when interfering with individuals' life, this is the case of the WTO and will thus make the case for the application of duties of justice to this institution.

Broadly egalitarian views, the fourth view identified above, responding to trade-related inequalities, share with a wide range of cosmopolitan accounts of justice the argument that the *scope* of principles of justice should be global. This is to say, that those who owe duties of justice among each other are not confined to a state. As it is commonly argued among cosmopolitans, one main reason for defending the global *scope* of justice is the following: if the possession of a certain feature X justifies the characteristic treatment of such individual, then, all individuals who share the feature X must be

²⁴¹ Valentini, L., (2011): *Justice in a Globalized World: a Normative Framework*, Oxford University Press

treated equally, unless there are relevant differences among individuals that make the case for a differential treatment.²⁴²

In the case of broad egalitarians, they identify various features motivating the application of duties of justice to a certain population, institutions, or agent including universal moral equality, common humanity, and morally arbitrary factors generated by natural features. Relational egalitarians agree with them in that, according to this perspective, principles of justice are grounded in various features including universal moral equality and common humanity. However, they disagree on the relevance of morally arbitrary factors as a source of principles of justice, and instead, focus on social features such as to provide substantive equality of opportunity. The main difference among these views is that relational views see morally arbitrary factors not as morally bad or good in themselves, but as socially construed as good or bad.²⁴³

In this sense, broad egalitarian accounts of justice perceive inequalities in the distribution of goods as the primary subject of principles of justice. They argue, broadly, that a distribution to be just should be equal. In this account, equality is defended as the best way to ensure the correct distribution of a certain currency of justice. In this sense, the more equally a *distributenda* is distributed, the more just the society or practice at stake would be. This understanding of distributional equality is called simple equality. In this sense, there may be two ways of assessing the fairness of a society or a practice in light of distributional equality, to wit: *satiabile* and *insatiabile* versions of equality. *Satiabile* versions of equality agree with simple equality as far they conceive justice as a satiable parameter. *Insatiabile* versions hold that more equality is always better, and so there is a target but not a cut-off point.

Both views are vulnerable to the levelling down objection, which holds that we should not have principles that rate a distribution as better than another, when the first is more equal but renders some worse off and no one better off.²⁴⁴ This is particularly important

²⁴² Fabre, C., (2012): *Cosmopolitan War*, OUP, pg. 33.

²⁴³ For an argument defending how morally arbitrary factors should not affect, for example, distributive shares, see: Rawls, J., (1971): *A Theory of Justice*, p. 63.

²⁴⁴ Parfit describes this argument as follows: "If inequality is bad, its disappearance must be in one way a change for the better, however this change occurs. Suppose that those who are better off suffer some

when assessing the distribution of gains from trade among trading parties, especially when the exchange is not mutually beneficial or even equally beneficial.

Statist approaches are the fifth identified views. Statist hold, like *strong* nationalists, that the *scope* of distributive justice is the state and the *grounds* for distribution also reside within states. The grounds for this restriction vary. Statist may appeal to the importance of membership in an interrelated and interdependent community, participation in democratic institutions where a joint future is decided subject to coercive institutions. Statist deny global egalitarian principles. They may, at most, consider the application of other distributive principles, particularly sufficiency.²⁴⁵

Conclusion

This chapter has set the stage for a discussion through theories of justice and global justice on how to account for trade-related inequalities. To do so, it has first identified some of the most discussed socioeconomic challenges presented by the global economy, international trade, and the trade regime. It has described these challenges and sketched how they are approached by different accounts of justice. Specifically, it has briefly explained some of the key theoretical challenges that those contexts pose to justice views. Section Two has described the main debates developed within broad global justice accounts and their different responses to the identified global challenges. It has distinguished and organised these debates by looking at how they address the main common elements of justice accounts, to wit: the *scope*, *ground*, and *content* of theories of global justice. Section Three has focused on the discussion of how the *content* of the main theories of justice responds to the socioeconomic challenges identified in Section One. To do so, it has identified one main question, to wit: (Q1) why are inequalities morally objectionable?

misfortune, so that they become as badly off as everyone else. Since these events would remove the inequality, they must be in one way welcome, on the Telic view, even though they would be worse for some people, and better for no one. This implication seems to many quite absurd. I call this the *Levelling Down Objection*." Parfit, D., (2002): "Equality or Priority?" p.98. It is worth noticing that the idea of the levelling down objection was not coined by Parfit. There are other authors who advanced this idea previously, as pointed out in O'Neill, M., (2008): "What Should Egalitarians Believe?" footnote 46, and pg. 141.

²⁴⁵ See for example, Mathias Risse's chapter on international trade in Risse, M., (2012): *On Global Justice*, Cambridge: Princeton University Press.

Finally, Section Four has briefly described, classified, and discussed the five views distinguished as the main responses to the identified socioeconomic challenges, to wit: first, cosmopolitan views, second, relational views, third, coercion-based views, fourth, egalitarian views, and fifth, statist views, leaving open the discussion on which response accounts better for the complexities of trade and trade-related inequalities.

CHAPTER 5. ON RELATIONAL AND DISTRIBUTIVE CONCERNS WITH EQUALITY IN JUSTICE IN TRADE

“At one time, the requirement of equal treatment did not extend fully to various groups (workers, blacks, women). On the whole, the history of liberalism reflects a tendency to expand both the definition of the public sphere and the requirements of equal treatment.” Joseph Carens, 1987, page: 268.

Introduction

Chapter Four identified and described some of the main socioeconomic challenges that can be found in the context of economic globalisation, specifically in international trade and the trade regime. It explained some of the main motivations and reasons grounding responses to them, proposed by different accounts dealing with those socioeconomic challenges from a perspective of global justice. It organised and guided the debate among the different views over one main question, to wit: (Q1) why are inequalities morally objectionable? In this way, this previous chapter classified the main responses to these questions resulting in five different views: first, cosmopolitan views, second, relational views, third, coercion-based views, fourth, egalitarian views, and fifth, statist views. This chapter finishes the second part of the dissertation continuing with the discussion on the moral objectionability of trade-related inequalities, but focusing on a discussion on relational and distributional concerns with trade-related injustices.

Following the analysis in Chapter Four, this chapter proposes to focus on two apparently opposing views: relational and distributive egalitarianism. Both views have been briefly explained in Chapter Four in relation, roughly, to how they account for the moral wrongness of trade-related socioeconomic challenges identified at the beginning of that chapter. Specifically, when confronting (Q1), the previous chapter distinguished between concerns with trade-related inequalities identified by distributive views such as how to distribute the gains from trade, and concerns about what might be considered as

morally objectionable with trade-related inequalities from a relational perspective, namely, relations of exploitation, oppression, and discrimination, among others.

In the framework established by this discussion, focusing and examining social or relational views in contrast to distributive ones enables us to clarify what is morally wrong with some of the distributive and social or relational inequalities found in the case of trade and the trade regime. This chapter aims to contribute to this discussion and provide reasons to argue that relational or social egalitarian views contribute to identifying key morally objectionable inequalities within the trade regime, which are different from distributive ones. The main goal of this chapter is twofold: first, it will complement the description of relational or social egalitarian accounts provided in Chapter Four; second, and most importantly, it will develop a better understanding, according to a possible interpretation of relational views, of what could be assessed as morally objectionable with trade-related inequalities.

To do so, this chapter is divided in two sections. Section One set the stage by clearly defining social or relational views in contrast to distributive views. It first describes the origin of relational views, secondly, it briefly explains one common methodological concern with relational views, thirdly, it establishes a brief taxonomy by distinguishing three variations of relational views considering the role that distributions play in each interpretation. Section Two examines two of the main reasons to assess trade-related inequalities as morally objectionable. To do so, it first briefly clarifies the different principles of relational views; secondly, it describes key features of the debate on the *outcome* of inequalities in general and of trade-related inequalities in particular; thirdly, it explores some key institutional difficulties in providing equal treatment in general and in the case of trade in particular. The chapter concludes first that distributive concerns condition relational equality, and second, that relational egalitarian perspectives enable a more demanding interpretation of trade-relating inequalities due to the concept of equality endorsed by these views. This relational interpretation of egalitarian requirements is particularly helpful in the case of trade.

5.1 Defining Social or Relational Egalitarian Views

This section focuses on clarifying the role that distributions and distributive views play in relational egalitarianism. To do so, this section is divided in three main subsections: the first one briefly explains the origin of relational egalitarian concerns in contrast to distributive views; secondly, it describes one of the main methodological difficulties of relational views, i.e., the difficulty with articulating a positive account of what are egalitarian relations, i.e., what relational equality requires; third and finally, it distinguishes three different variants of relational equality distinguished in light of the role that distributions play in each relational variation.

a) The origin of relational egalitarian views

The origin of relational egalitarian views has been described in contrast to distributive views and in particular, to luck-egalitarian views²⁴⁶. According to luck-egalitarian views, it is in itself morally wrong that some are worse-off than others through no choice or fault of their own. For luck-egalitarians, thus, inequalities between people that are not the result of choice or fault but of luck, i.e., those which cannot be considered the responsibility of the agent, are seen as unjust. Therefore, it can be said that this view, broadly, is focused on equalising people's brute luck.

What luck-egalitarians have in mind and see as unjust is that disadvantages related to luck, such as disabilities or being born in a family with very few resources, highly determine life and the possibility of flourishing, developing a life worth living. This view, however, develops a so-called responsibility-sensitive account. This account has been focused on responsibility for choices, or what has been called option luck. According to the option luck requirement, deviations from equality that are the result of exercising an individual's responsibility would not be considered unjust²⁴⁷.

²⁴⁶ See Chapter Four for definition and some key remarks on this contrast

²⁴⁷ As it is very well-known, luck egalitarians importantly distinguish between brute and option luck to limit concerns with inequalities. Roughly, while brute luck corresponds to fortuitous facts and events such as the place and family someone is born into or the talents and capabilities someone is born with. Option luck is completely different from brute luck. Option luck refers to situations in which agents decide to engage in some activity such as a gambling. The results of this decision, whether inequality-generating or not, would not be considered as unjust, thus, the agent would not justifiably claim compensation. For

In contrast, relational egalitarians have criticised this approach by arguing that the concept of equality behind luck-egalitarian accounts does not capture the wrongness of key inequalities. Relational or social egalitarians, such as Elisabeth Anderson, have argued that distributive views such as luck-egalitarianism do not account fully and properly for unequal relations including relations of oppression, domination, exploitation, or relevant differences in power and social status and standing²⁴⁸. Relational views conceive of equality as a matter of social relations between persons²⁴⁹. More broadly, in contrast to some versions of luck-egalitarianism they disagree with the idea that equality and egalitarian justice is overall a matter of equalising brute luck by distributing benefits, advantages, and burdens to erode differences in luck and in accordance with responsibility through choice. As a clarificatory key point, it is important to mention that, although distributive views focus on concerns with unequal endowments, outcomes, results, resources, etc., as noticed in the previous chapter, distributive views do not argue that distributional claims of certain goods necessarily exhaust egalitarian concerns²⁵⁰.

With regards to institutions, relational or social egalitarian views argue that according to this idea of equality, public institutions, i.e., institutions conforming the basic structure

enlighten discussions and one relevant critic see: Vallentyne, P. (2002): “Brute luck, option luck, and equality of initial opportunities.” *Ethics*, 112(3), 529-557; Lippert-Rasmussen, K. (2001): “Egalitarianism, option luck, and responsibility.” *Ethics*, 111(3), 548-579; and Voigt, K. (2007): “The harshness objection: is luck egalitarianism too harsh on the victims of option luck?” *Ethical theory and moral practice*, 10(4), 389-407.

²⁴⁸ One of the first and most influential critics along these lines is Elisabeth Anderson, see: Anderson, E. (1999): “What is the point of equality?” *Ethics*, 109(2), 287–337.

²⁴⁹ This definition is borrowed by: Anderson, E., (2010): “The Fundamental Disagreement Between Luck Egalitarians and Relational Egalitarians”, *Canadian Journal of Philosophy*, Vol. 36. pp. 1 – 23. p. 1. The concept of equality conceived by other relational egalitarians such as Samuel Scheffler is a similar one, as he affirms: “Equality, as it is more commonly understood, is not, in the first instance, a distributive ideal, and its aim is not to compensate for misfortune. It is, instead, a moral ideal governing the relations in which people stand to one another.” See Scheffler, S. (2003): ‘What Is Egalitarianism?’, *Philosophy & Public Affairs*, 31.1, 5–39. Pg: 21.

²⁵⁰ According to distributive views what should be distributed, equalised in the case of egalitarian theories, is the *metric* of justice. The three main *metrics* identified by egalitarian theories of justice are: resources, capabilities, equal opportunity for welfare, and access to advantage. These accounts argue, roughly, that at least one, depending on the theory, of these *metrics* should be distributed according to a currency to realise justice. However, certain distributive views within this debate, argue that justice, or equality in the case of egalitarian views, might demand the distribution of other goods, including relations as instrumentally important for justice. See: Arneson, R. (2010): “Democratic Equality and Relating as Equals”, *Canadian Journal of Philosophy Supplementary Volume 36* (2010): 25–52

of a society, following a Rawlsian terminology, should promote equality by means of ensuring equal treatment to its subjects. However, the promotion of equal treatment is not merely an institutional question. This relational requirement distinguishes between different agents, thus, equality of treatment can be exercised both among individuals, and between institutions and individuals. The egalitarian requirement, thus, is concerned both with relations among individuals and institutions providing equal treatment over matters including equal social status, equal authority and power, equal political rights and duties, including equal vote in democratic elections, and equal social standing.²⁵¹

Another main distinctive relational characteristic within institutions is that, according to relational views such as Anderson's and Christian Schemmel's, relational egalitarianism suggests that the way in which institutions provide equal treatment reveals an *attitude* and is constitutive of an *expressive* characteristic of institutions. Very briefly, by providing equal treatment to their subjects, according to these relational views, institutions are expressing *attitudes* towards their subjects. Roughly, in this context, relational views argue that those *expressions* are relevant for justice and, more importantly, distributive concerns do not capture them²⁵².

It can be said that, although relational and distributive views identify the moral wrongness of inequality differently, both views agree on key egalitarian assumptions that lie at the core of both views. In this sense, distributive views, broadly understood, share with relational views an important commitment to equality based on the idea of the equal moral worth of persons. Both views converge in the idea that equal moral worth is an inalienable feature of what has been called personhood and that it should be at the core of any egalitarian theory of justice. Another point of agreement between relational and distributional views, in this case over the *scope* of justice of institutions providing equal treatment, is that both views understand that one main objective of both domestic and global institutions, i.e., of institutions regardless of whether they either govern within a state or beyond borders, is that they should treat their subjects as equals.

²⁵¹ Ibid, p. 2.

²⁵² For this argument see: Schemmel, Ch. (2011): "Distributive and Relational Equality", *Politics, Philosophy, and Economics*, Vol. 11, 2, 123 – 148.

Institutions should *express* equal concern and respect for all individuals, for all their subjects²⁵³.

Relational theories have developed this idea of institutional equal treatment in, at least, three branches: first, Anderson follows the Dworkinian requirement and develops it by emphasising the *expressivist* element of institutional action and how institutions account for all their subjects as equal members regardless of differences in race, religion, ethnicity, etc²⁵⁴; second, Schemmel takes institutions as the primary focus of relational egalitarian concerns, he argues that a focus on individuals rather than institutions may be too intrusive and thus, difficult to defend. In addition, he argues that institutions should contribute to promote and ease egalitarian relations among individuals. Therefore, institutions might be considered as the main *locus* where egalitarian concerns apply²⁵⁵; finally, thirdly, Samuel Scheffler rejects the Dworkinian formulation of institutional equal treatment. He argues that this requirement mischaracterises egalitarian concerns as institutional equal concern and respect does not serve the purpose of relational egalitarianism. One of the main reasons for this is that an institution which manages to treat all their subjects with equal concern and respect might well be an authoritarian institution. We could say that here, Scheffler is thinking in terms of a variation of the levelling down objection. Scheffler argues that, in fact, this institutional limited concern with equality would not avoid unequal treatment between subjects of an autocratic regime, which is something particularly problematic in such contexts²⁵⁶.

²⁵³ One of the main distributive egalitarians defending this requirement was Ronald Dworkin in his 2000 book *Sovereign Justice*. There he argues that subjects of political and social institutions should be treated with equal concern and respect, most importantly, if these institutions are to be legitimate and binding.

²⁵⁴ For this argument see: Anderson, E., & Pildes, R. (2000): "Expressive theories of law: A general restatement." *University of Pennsylvania Law Review*, 148(5), 1503–1575 and Anderson, E. (1999): "What is the point of equality?" *Ethics*, 109(2), 287–337.

²⁵⁵ For these ideas see: Schemmel, C. (2011): "Why relational egalitarians should care about distributions." *Social Theory and Practice*, 37(3), 365–390 and Schemmel, C. (2012): "Distributive and relational equality." *Politics, Philosophy and Economics*, 11(2), 123–148.

²⁵⁶ For an elaboration of this argument see: Scheffler, S. (2003): "Equality as the virtue of sovereigns" *Philosophy and Public Affairs*, 31(2), 199–206 and Scheffler, S. (2003): "What is egalitarianism?" *Philosophy and Public Affairs*, 31(1), 5–39.

b) A Methodological Difficulty

The first ideas and discussions highlighting the relevance of relations for social equality and social justice were construed in opposition to distributive equality and more specifically, to luck egalitarianism. Despite the differences among relational variants, broadly, these egalitarian accounts agree with the claim that people should relate to one another on a basis of equality. Equal treatment, the requirement of relating to others as equals, focuses on maintaining individuals free from relations of exploitation, domination, oppression, and inequalities of power, authority, social standing and social status and exclusion or marginalisation. However, relational views have been widely criticised on the basis that they do not develop a positive account of social equality or relational equality, but rather a rejection of certain relations or a critique to distributive egalitarianism.

Kasper Lippert-Rasmussen, for example, argues that relational egalitarians do not define a positive account of what relational equality requires. He notices that relational egalitarians are vague and imprecise in their account of what an egalitarian relationship requires and thus, how should the ideal of egalitarian relations be achieved. He contrasts this view with luck egalitarianism and argues that the latter is much more precise in its principles and how to achieve the ideal it proposes²⁵⁷.

Jonathan Wolff²⁵⁸ has also argued that more work should be done in defining relations within an account of relational egalitarianism. He concedes that distributive views have developed clear patterns of distribution defining egalitarian requirements including distributions and compensation for injustices. However, he is unsure whether the abstraction or vagueness of relational views is actually detrimental to the views' objectives. He follows Amartya Sen and Iris Marion Young in developing the view that one of the main objectives of relational theories is to identify and account for "manifest

²⁵⁷ For an elaboration of this argument see: Lippert-Rasmussen, K. (2015): *Luck egalitarianism*. Bloomsbury Publishing, pp. 181.

²⁵⁸ See Wolff, J. (2015): "Social equality and social inequality", pp. 209 – 225, in Fourie, C., Schuppert, F., & Wallimann-Helmer, I., (eds.), (2015): *Social equality: On what it means to be equals*. Oxford University Press, USA.

injustice.”²⁵⁹ The main argument posed by all three thinkers is that social justice does not have to be concerned with “systematic theories” and “definitive demonstrations”²⁶⁰. According to Wolff, to identify disadvantages and to achieve egalitarian justice, relational egalitarian views have developed in different ways. Then, this position questions whether to reach such objectives, relational views need to identify patterns and propose principles with greater accuracy and universal validity.

Wolff and Anderson argue that relational egalitarianism should primarily focus and depart from the current state of affairs. This is not to say that these accounts do not endorse a concrete concept of equality that enables them to identify inequalities. In fact, the concept endorsed by some of these egalitarian views might be interpreted as more demanding than the concepts of equality endorsed by luck egalitarian or other distributive views. The main response, therefore, from these relational egalitarian authors to the criticism of indeterminacy, low level of abstraction, and lack of definition, is a methodological one. These relational authors argue that the methodological tools developed by some distributive views, including ideal theorizing, are epistemologically unhelpful when they move us away from existing social injustices²⁶¹²⁶².

c) Three Different Variants within Relational Equality

This sub-section aims at distinguishing three different variations within relational egalitarian views. This brief taxonomy describe some of the complexities within

²⁵⁹ Ibid., page 209.

²⁶⁰ Both expressions are cited in Wolff’s article cited in footnote 13 and 14. The original source is: Young, I., M., (1990): *Justice and the Politics of Difference* (Princeton, NJ: Princeton University Press), 5. For a similar argument see: Axelsen, D. V., & Bidadanure, J. (2019): “Unequally egalitarian? Defending the credentials of social egalitarianism.” *Critical Review of International Social and Political Philosophy*, 22(3), 335-351.

²⁶¹ One of the main authors who have contributed to the identification of injustices is Judith N. Shklar: “To be sure, sermons, the drama, and fiction deal with little else, but art and philosophy seem to shun injustice. They take it for granted that injustice is simply the absence of justice, and that once we know what is just, we will know all we need to know. That belief may not, however, be true. One misses a great deal by looking only at justice. The sense of injustice, the difficulties of identifying the victims of injustice, and the main ways in which we all learn to live with each other’s injustices tend to be ignored, as is the relation of private injustice to the public order.” Shklar, J. N., (1990): *The Faces of Injustice*, Yale University Press, pg. 15.

²⁶² For an elaboration of this argument see: Anderson, E. (2015): “Moral bias and corrective practices: A pragmatist perspective.” *Proceedings & Addresses of the American Philosophical Association*, 89, 21–47.

relational views and identify some of the main discussions motivated by each variation. To do so, it focuses on the role that distributive views, i.e., distributions, play within relational accounts. According to this criterion, there are at least three variations within different relational egalitarian views, to wit: first, the more ambitious view which, roughly, establishes that social justice is totally defined by social equality. This view reduces the role that distributive views play for social equality to distributions of the *metric* that will best contribute to promoting and providing equal relations. Second, the intermediate view. This view defends a pluralistic account of equality as it combines distributive with relational aspects. It assumes that social equality and social justice are independent concerns, as the main elements identified by the former stand independently of the latter, i.e., social justice is understood as primarily conditioned by distributions. Finally, the third view is the less ambitious one, the weakest, in relational egalitarian terms. This view conceives of social equality as a complement in the race to social justice, as a further complexity that should be added to distributive concerns and considered by social institutions and the principles applied to them.

The more ambitious relational egalitarian view

As introduced, this view argues that social justice is primarily determined by the concept of equality behind relational or social egalitarian accounts. It argues that institutions should thus, be primarily concerned with individual behaviour and institutional *attitude*, as well as inequalities in power and social status and standing. In this way, just distributions will be decided based on how they affect relational equality. Some of the main authors that could be subsumed under this characterisation of relational equality include Elisabeth Anderson, Samuel Scheffler, and Christian Schemmel²⁶³.

In contrast to relational views, distributive theories consider inequalities in goods, resources, or opportunities unjust when they are the product of luck, and the agent

²⁶³ Schemmel describes a similar view within relational egalitarianism called *Liberal Justice-Based Relational Egalitarians*. See: Schemmel, C., (2015): "Social Equality - or Justice?", in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., *Social Equality: on What It Means to be Equals*. Oxford University Press, 6.38 (2015), 45–66.

cannot be held responsible. Theories under this relational category have different responses when considering inequalities produced by luck as morally objectionable or not. Less ambitious accounts would argue that luck or natural inequalities are not considered as unjust in all cases²⁶⁴, while other more ambitious accounts, may consider natural inequalities as unjust under certain circumstances²⁶⁵. According to the former, natural inequalities, i.e., disabilities, differences in talents, etc., are not considered as bad per se, but due to decisions and wrongs that are socially imposed. Instead of being compensated, natural inequalities should be addressed, i.e., considered *a priori*, with a twofold aim: first, not to identify natural endowments with social advantages or disadvantages, and second, to enable those naturally disadvantaged to be fully equal citizens in a society. This changes the focus of what is considered as an unjust inequality from natural to social inequalities.

While distributive egalitarians argue that natural inequalities should be compensated by principles of justice to achieve an egalitarian society, relational egalitarians argue that it is social inequalities which should be the *loci* of concerns of equality. In this context, one criticism to distributive egalitarians is that by compensating for *luck* they are treating, at least in some sense, certain naturally disadvantaged people such as people with disabilities, in a non-respectful way. This disagreement exemplifies how both views might differ when they reconstruct and conceive the debate on equality of opportunity.

The intermediate relational egalitarian view

The intermediate relational egalitarian view noticeably distinguishes between social justice and social equality as different values. It focuses on distributive principles governing institutions, aiming at providing fair distributions, i.e., a fair share. To do so, this view counts with equality of status and standing as values that should be considered by institutional principles. This variation argues that those values are not fully captured

²⁶⁴ See: Anderson, E. (2010b). The fundamental disagreement between luck egalitarians and relational egalitarians. *Canadian Journal of Philosophy*, 36, 1–23.

²⁶⁵ See: Christian Schemmel, *Distributive and Relational Equality, Politics, Philosophy and Economics*, 2012, XI.

by distributive principles of justice. This account of relational equality proposes to complement distributive principles with relational concerns to govern institutions²⁶⁶. One common argument between ambitious views of relational equality and intermediate ones is that, not all requirements of social justice come from or are deducible from relational equality. Some of the main authors that could be subsumed under this characterisation of relational equality include David Miller²⁶⁷, and Jonathan Wolff.

According to this view, although questions of distribution are important, they might not constitute the whole concern with equality. Distributional and relational views are both distinguished and attempted to be reconciled by this account. According to Wolff, distributions are conceived as a zero-sum game, i.e., the consumption or enjoyment of some good by an individual is detrimental to the enjoyment and consumption by another²⁶⁸. Relational equality is conceived by this variant as capable of accommodating material inequalities. The aim of this account is to achieve social equality while accommodating inequalities in distributions such as the result of applying the difference principle. Wolff focuses on equalising relational egalitarian values such as political equality first, to be able then, to accommodate material inequalities such as income and wealth through different distributive not necessarily egalitarian principles.

This relational account also distinguishes between distributions that might promote or enable individuals to relate as equals with each other and distributions that do not. Distributive inequalities might be considered as unjust in cases in which they pose a problem to equality in social relations and have an effect in other valuable forms of relational equality such as equal status and standing. International trade may be one such case. In this case, according to this relational variant, some of the main moral challenges posed by trade include exploitation, stigmatization, and environmental

²⁶⁶ Schemmel describes a similar view called *Pluralist Social Egalitarian* see: Schemmel describes a similar view within relational egalitarianism called liberal justice-based relational egalitarians. See: Schemmel, C., (2015): "Social Equality - or Justice?", in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., *Social Equality: on What It Means to be Equals*. Oxford University Press, 6.38 (2015), 45–66.

²⁶⁷ It might be said that Miller has not discuss this topic in length, and thus, for the sake of clarity the main references where he has discussed relational and distributive interaction are the following: Miller, D. (1976). *Social justice*. Oxford: Clarendon Press and Miller, D. (1997). *Equality and justice*. Ratio, 10(3), 222–237.

²⁶⁸ Wolff, J., (2015): "Social Equality and Social Inequality" in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., *Social Equality: on What It Means to be Equals*. Oxford University Press, 6.38 (2015), 209 – 221.

degradation. These relational egalitarian concerns raise questions of distributive justice as the distribution of the gains from trade among the parties of an exploitative trade relation play a central role to achieve social equality in this context. Thus, this relational variation should be able to distinguish between socioeconomic challenges and relational challenges when facing international political morality problems such as sweatshop labour and trade related exploitation.

The less ambitious or weak relational view

This weak relational view argues that distributive principles define what are just institutions and thus, social justice, however, there are some further complexities that are not fully captured by distributions. According to this variation, distributive principles and institutions should include some sort of additional principle or requirement, able to account for relations among individuals. This view includes notions of relational equality in an overall distributive egalitarian account. One of the main authors who could be included under this characterisation of relational equality is Kasper Lippert-Rasmussen.

According to the last variation of relational equality, relational egalitarians attempt to accommodate distributions that have an impact in relational equality such as social status and standing. The weak relational egalitarian holds that distributive egalitarians are mainly concerned with the fair distribution of goods, welfare, opportunities, resources, etc. However, according to this weak relational view, the value of relational goods such as friendship or family relations should be captured by a valid metric of distributive equality. The interpretation of principles of distributive equality by weak relational egalitarianism identifies and then, argue that these relational concerns make the case for complementing a distributional view with relational egalitarian concerns.²⁶⁹

This relational variation interprets relational egalitarian concerns including concerns with equal treatment, as compatible with a concrete theory of equality. This variation in general, and Lippert-Rasmussen in particular, proposes a so-called *ecumenical* view of

²⁶⁹ For these views see, for example: Kasper Lippert-Rasmussen, K., (2018): "*(Luck and Relational) Egalitarians of the World, Unite!*", vol 1 and Gheaus.

equality that encompasses various elements of relational and distributive egalitarianism. This proposal takes relational concerns to be a subspecies of distributive concerns. Relational egalitarianism so understood may be in substance identical to distributive egalitarianism. egalitarianism that might include concerns of luck to the distribution of relational goods, thus making relational views sensitive to responsibility considerations. According to this variation, it might be said that there are certain goods, whether relational or not, that should be distributed equally among all individuals.

Finally, as it was the case with the origin of relational egalitarian views, all interpretations of relational egalitarianism have at least one characteristic in common. Like Elisabeth Anderson's all relational views state that their goal is to achieve a society of free and equal people, in which all relate as equals²⁷⁰.

This section has briefly described the main origin and motivation of relational egalitarian views, it has briefly described one main methodological difficulty, and it has identified a taxonomy of three variants of relational views. It has highlighted the main differences among them and mentioned some of the most representative authors of each interpretation. The following section focuses on identifying what might be considered as morally wrong with trade-related inequalities from a relational egalitarian perspective. It argues that the relational egalitarian concept of equality provides a more complex and more demanding account of equality in trade justice and offers better tools to identify what it is morally wrong with inequalities.

5.2 Examining Two Main Perspectives Accounting for Trade-Related Inequalities

This section provides a better understanding of the inequalities that are regarded as morally objectionable according to different variations of relational equality. It describes these discussions focusing on distinguishing some of the main reasons to regard trade-related inequalities as morally objectionable. As mentioned in the previous

²⁷⁰ Anderson E., (1999): 'What Is the Point of Equality?', *Ethics*, Vol. 109, pp. 287–337, p. 289.

section, some critics of relational egalitarianism have highlighted the fact that these theories tend to embrace a negative definition of egalitarian relations and leave the positive account vague and imprecise²⁷¹. In fact, it is generally difficult to define what an egalitarian relation is rather than identify what makes a relation inegalitarian and the reasons to consider this inequality as morally objectionable. To account for the case at stake, the case of trade, this section focuses on exploring key points for relational views within the discussion on outcomes and institutional difficulties in providing equal treatment. The main goal is to be able to capture what is morally wrong with trade-related inequalities and identify some of the main elements of a possible relational egalitarian view of social and political institutions dealing with trade-related inequalities.

Relational egalitarian accounts are generally focused on concerns about inequalities beyond distributions, including inequalities of power, social status and standing, and hierarchy. As it was explained in section one, there is a possible interpretation of the first relational egalitarian variation, the more ambitious one, according to which egalitarian concerns with unequal relations, with unequal power and social status and standing, render relational views of equality better able to provide egalitarian reasons to identify what is wrong with inequalities. This interpretation argues that relational views capture better what is wrong with inequalities than mere distributive views²⁷². The following section aims at sketching some of the main mechanisms developed by different relational egalitarian views to identify and account for what is morally wrong with inequalities.

a) On the Different Principles of Relational Views

Section One of this chapter showed that, although relational or distributive egalitarians agree with the assumption that equality should focus on how individuals relate to one another, these views respond differently to the question of how social equality is achieved. This distinction is based on the role that distributions play in each variation of

²⁷¹ For an elaboration of this argument see: Lippert-Rasmussen, K. (2015): *Luck egalitarianism*. London: Bloomsbury, pg. 181.

²⁷² For an elaboration of this argument see: Schemmel, C., (2011): "Distributive and Relational Equality", *Politics, Philosophy and Economics*, 11.2, 123–48.

relational egalitarianism and thus, on the concept of equality endorsed by each view, i.e., on the requirements posed by relational views to achieve social equality. One of the main characteristics of relational views in contrast to distributive ones is that while the latter establishes the requirements to reach social justice assessing equal or unequal distributions as just or unjust, the former focuses on which egalitarian relations guide social egalitarian practices to achieve social justice. Relational views have been described by focusing on their egalitarian component, a common element that relational views stress. This section aims at including further variants within relationism which support different conceptions of equality. These views might be categorised as relational non-egalitarian views. This sub-section briefly reviews how the different concepts of equality endorsed by relational views establish relevant differences not only among egalitarian accounts but also among non-egalitarian ones. It illustrates these options with key examples of trade-related inequalities.

The concept of equality defended by different relational views determines how they value relational equality and disvalue relational inequality. This distinction can be analysed by focusing on the *instrumental* and *non-instrumental* accounts of the disvalue of inequality in relations. According to a possible interpretation of this distinction, it can be argued that it opens the possibility for a third option, to wit: relational views which are not egalitarian.

The *instrumental* disvalue of unequal relations focusses on key social unequal relations that have an impact on individuals. To show the *instrumental* disvalue of inegalitarian relations, it is common to focus on relations of neighbourhood. One of the main elements that best characterises one of the principal inegalitarian elements of these relations is their capacity to generate stigma. This characteristic of relations of neighbourhood, although not exclusive to this type of relations, may give raise to *instrumental* concerns. Relational inequalities such as stigma among neighbours may be considered as *instrumentally* or derivatively disvaluable since inegalitarian relations generating stigma, may have harmful effects on members of a community.

The *instrumental* and *non-instrumental* disvalue of unequal relations is present in trade-related challenges. In the case of trade, unequal relations such as relations mediated by stigma might be highly detrimental for trade exchanges. Trading partners might refuse to trade with others because of religious prejudices or economic misbehaviour. The latter has been the case with China. As it is widely known, China decided not to follow some of the rules established by the trade regime regulating and setting the background conditions for international trade. In particular, they did not comply with the WTO economic requirements to trade by, among other measures, protecting their own companies and subsidising their nationally produced products, hindering competition and global economic integration. In this case, stigma associated with these practices may result in other countries abstaining from participating in trade exchanges with China.

The second distinction to be concerned with the disvalue of unequal relations are *non-instrumental* considerations. The *non-instrumental* disvalue of inequality in relations is based, roughly, on the claim that individuals in a society have the obligation to provide everyone with certain goods. Relational equality argues that individuals are owed equal treatment both from institutions and individuals, and in addition, institutions should provide individuals with the necessary background conditions to promote relations of equality. In the case of trade, the distribution of the gains from trade is usually argued to be governed by distributive justice principles. Distributive principles aim at governing global governance institutions, including the international trade regime. In this scenario, the *non-instrumental* account of the disvalue of unequal relations argues that an unjust distribution of the goods or the gains from trade may be interpreted in some cases as an institutional *attitude* and *expression* of unequal treatment among trading partners. Domestic as well as global institutions generate situations of unequal treatment of three main agents participating in trade: countries, individuals, and firms.

Relational views have developed different accounts of social justice. One of the main elements determining such accounts is the concept of equality and egalitarian relations that, according to each variation, is demanded by social justice. A key difference among variations of relational views is the scope of social justice. Some versions of relationist

views focus mainly on relevant relational inequalities within countries. For example, in the case of trade, these views mainly address trading policies enacted by countries and their impact in the wellbeing, among other features, of their citizens. A possible interpretation of these type of relational views argues that unjust inequalities are those that take place within the boundaries of countries, thus restricting any egalitarian judgment of trading relations to domestic institutions and trade-related decisions taken by countries. In this scheme, institutional obligations of equal treatment and the promotion of equal relations among their subjects within the trade regime, apply only in compliance with the moral obligation of countries to their citizens.

The case of trade is a particularly useful example to illustrate the variations regarding the scope of relational equality. Commonly, relational egalitarians talk about political communities and societies as the *locus* of their requirements of equal status and standing, non-domination, non-oppression, political equality, etc. Global challenges such as international trade pose a challenge beyond borders for relational egalitarians. Answers to the case of trade have developed different relational views according to how they account for the disvalue of inequalities among trading partners.

Some relational views of trade have identified distributional as well as relational reasons not to consider the global sphere as a *prima facie locus* for egalitarian justice. According to these accounts²⁷³, relational egalitarian claims such as oppression and exploitation in sweatshop labour countries make the case for the application of principles of justice. In contrast to relational egalitarian views, situations of exploitation and oppression can be successfully addressed by distributions jointly with relational concerns. Relational egalitarian concerns in these cases will be limited to institutions generating exploitation and oppression. In this context, it could be said that, while the more ambitious variation of relational egalitarianism opposes these more limited views, the intermediate and weak versions of relational egalitarianisms may agree, at least partly, with this type of relationism. This might be so because one main characteristic in

²⁷³ Broadly understood, these views include David Miller's and Mathias Risse's, see: David Miller, 'Fair Trade : What Does It Mean and Why Does It Matter ? (Fourth Draft) CSSJ Working Papers Series, SJ013 November 2010'; and Mathias Risse, 'A Précis of On Global Justice, With Emphasis on Implications for International Institutions', pp: 1054 – 1055.

common among relational egalitarian views is that they share a tendency to pluralism in their principles. Relational egalitarian views focus on concerns with inequalities and identify various reasons why it matters; these reasons encompass egalitarian and non-egalitarian reasons to be concerned with inequalities.

Finally, to explore further options within relational views, it might be said that one can think of relational versions which do not conceive social justice as equivalent to social equality as well as relational non-egalitarian theories endorsing different patterns of distribution to reach social justice. In this sense, varieties of relationalism, might be construed as relational *egalitarian*, but also as relational *sufficientarian*²⁷⁴ or relational *prioritarian*²⁷⁵. Although this is an underdeveloped field and might be either incoherent or subsumed under relational egalitarian variations, there might be possible examples in which such different relational theories may be defended. For example, Kasper Lippert-Rasmussen has developed the case for relational sufficiency concluding that it poses serious objections to the ideal of distributive equality. Following this line he argues that, according to relational *sufficientarianism*: “people who think that while justice does not require that people relate to one another as equals, their social relations should be such that in any social relation all parties are treated in such a way that their social standing does not fall below a certain threshold—defined in absolute or relative terms”²⁷⁶ In this same vein, there are relational *prioritarians* who do not identify hierarchy as morally problematic for justice.²⁷⁷ However, it is worth noticing that the most developed and defended view in the literature on social relationism is the egalitarian one.

²⁷⁴ In a recent article, Kasper Lippert-Rasmussen has defined relational sufficientarian as follows: “justice requires us to relate to one another as people with sufficient, but not necessarily equal, standing.” However, he importantly notices in a later footnote of the same article that there relational sufficientarians and egalitarians are mutually conditioned in a way that distributive potentially equivalent variants are not: “To the extent that relating as sufficient entails relating as equals as a constitutive part, it would be disingenuous to promote relational sufficientarianism as an alternative to relational equality in the way that distributive sufficiency is typically offered as an alternative to distributive egalitarianism.” See: Kasper Lippert-Rasmussen, ‘Relational Sufficientarianism and Frankfurt’s Objections to Equality’, *Journal of Ethics*, 25.1 (2021), 81–106. pg: 81, footnote 7.

²⁷⁵ Few examples of these views are mentioned in Kasper Lippert-Rasmussen (2018): “(Luck and relational) Egalitarians of the World, Unite!”

²⁷⁶ Ibid. pg. 83.

²⁷⁷ Idem. Footnote 14.

b) On the Outcome of Trade-Related Inequalities

Socioeconomic challenges related to trade have been dealt with from different normative perspectives, including relational and distributional egalitarianism. Socioeconomic challenges pose reasons to be concerned with the effects and the inequalities generated by trade-related practices, these include concerns with insufficient distributions of the gains from trade affecting citizens' fulfilment of their interests, and perpetuation of inequalities beyond countries due to unequal trade exchanges and wages. According to distributive egalitarianism, broadly understood, one of the main normative concerns with trade practices is the outcome (not the impacts) of trade, i.e., gains (or losses) from trade exchanges and practices. Distributive egalitarian views argue that justice in trade demands that the outcomes of trade practices should be governed by egalitarian principles and in the case of outcome egalitarians, be equalised, taking into account cases where relevant differences among trading partners require special and differential treatment.²⁷⁸ Gains generated by trade are a key element of trading practices, in economic terms, it is broadly economic gains, i.e., the outcomes of trade exchanges, what motivates individuals, countries, or companies to trade.

The analysis of trade understood as a practice involves normative concerns beyond the concern with outcomes. A possible normative analysis of trade inequalities would thus deal not only with gains generated by trade but should include other elements such as concerns with processes and effects of trade exchanges, activities, and relations²⁷⁹. This is the case of procedures generating gains from trade, e.g., trading treaties or trading relations, which constitute subjects for normative analysis beyond distributive concerns²⁸⁰. This section aims at reflecting this complexity by analysing first,

²⁷⁸ For this type of argument see: James, A., (2014): 'A Theory of Fairness in Trade', *Moral Philosophy and Politics*.

²⁷⁹ The literature on egalitarianism has recently proposed some intends to bring together distributive and relational concerns. See for example: Lippert-Rasmussen, K., (2018): "*(Luck and Relational) Egalitarians of the World, Unite!*", in *Oxford Studies in Political Philosophy* Vol. 4. pp. 82-109, and Anca Gheaus, (2016): 'Hikers in Flip-Flops: Luck Egalitarianism, Democratic Equality and the Distribuenda of Justice', *Journal of Applied Philosophy*, July, 2016; Schemmel, C., (2011): "Distributive and Relational Equality", *Politics, Philosophy and Economics*, Vol. 11. (2), 123-148; and Moles, A., and Parr, T. (2019): "Distributions and Relations: A Hybrid Account", *Political Studies*, 67.1 (2019), 132-48.

²⁸⁰ In particular, in the literature on relational egalitarianism it is argued that distributional inequalities have instrumental value, i.e., "Certain patterns in the distribution of goods may be instrumental to

distributive concerns with the gains from trade in terms of outcomes and processes, second, relational concerns with unequal outcomes and third, the role played by procedures for social equality in trade contexts.

According to distributive views, there are at least two apparently mutually exclusive reasons to be concerned with unequal outcomes when analysing trade practices. First, outcome inequalities are unjust when they are not the product of certain types of choice or fault, i.e., when they are the product of luck. These inequalities are not considered as unjust when they are the product of responsible choices an individual made against a just background which includes equality of opportunity. Inequalities with a certain origin can be described as just inequalities.²⁸¹ Second, some authors, including some of those who consider responsibility important, still think that unequal outcomes are worse than equal outcomes, regardless of their history. Various reasons may be invoked:

- i. Unequal outcomes resulting from bad decisions might render individuals too badly off. In such cases, equality may be supplemented with sufficiency, so that those who make bad choices are restored to sufficiency but not to equality.
- ii. Unequal outcomes can give rise to further inequalities, as individuals start new decisions under worse conditions than others and this could lead to an accumulation of disadvantages that goes beyond what we may think is a reasonable attribution of liabilities.
- iii. Unequal outcomes may be regarded as problematic because they jeopardize relational equality and give rise to undesirable relations. Such relations may involve feelings of superiority and inferiority, social stigma, a bullying or arbitrary behaviour on the part of the powerful or exploitation.

These are three reasons why egalitarians may remain concerned with certain inequalities regardless of their origin. In addition, we may argue that equality of outcome is also insufficient for justice. Cecile Fabre poses two illustrative examples: first, imagine “a

securing such [egalitarian] relationships, follow from them, or even be constitutive of them.” In Anderson, E., (1999): ‘What Is the Point of Equality?’, *Ethics*, 109/2, p.313,314.

²⁸¹ The distinction was coined by Elisabeth Anderson in the following paper: “How Should Egalitarians Cope with Market Risks?”, *Theoretical Inquiries in Law*, 9/1 (2008), 239-70.

hitherto white segregationist who agrees to the abolition of segregation on the grounds that he will be better off for it as a businessman does not treat blacks with respect.²⁸²” In this example, the outcome fulfils the egalitarian requirement, it is an egalitarian result, however, the reasons that motivate it are morally objectionable. Another illustrative example by Fabre is the following: “Likewise, a wealthy entrepreneur who agrees to coercive resource transfers to the needy as a means to thwart the progress of socialism is not treating the needy with respect.²⁸³” In both cases, while the outcome might be considered as rather egalitarian, the process, the motivation of the outcome does not fulfil egalitarian requirements. Thus, it can be said that equality of outcome is not a sufficient condition for social equality²⁸⁴.

These examples illustrate *weak* relational egalitarian claims, as described in section one, arguing that to reach social justice egalitarian (in the distributional sense) outcomes are not the only relevant inequalities. Inequalities due to relations are relevant inequalities, although not the primary focus of a theory of egalitarian justice, but rather as a further complication. In the case of relational egalitarianism, broadly, inequalities in outcomes, such as distributive inequalities, are not considered as *prima facie* unjust. However, as described in the first section, inequalities in distributions condition relational egalitarian views. Thus, it might be said that unequal outcomes have an impact in relational equality and thus in social equality.

According to a broad relational egalitarian view, outcome inequalities are unjust when they disadvantage people, i.e., when they reflect, embody, or generate hierarchy, and inequalities in influence and social status or standing as well as failing to regard individuals’ interests with equal consideration. Relational egalitarians identify trade-related injustices as those inequalities in treatment such as stigmatization, discrimination, and low standing which are directly related to trade activities and to institutions within the trade regime. These inequalities, partly promoted and increased

²⁸² Fabre, C., (2012): *Cosmopolitan War*, OUP, p. 20

²⁸³ *Idem*.

²⁸⁴ The idea that socioeconomic levels have a direct impact and highly condition social status by, for instance, generating relations of dependency and domination is a classical locus in political and economic theory. One of the main references is Adam Smith and his idea of the market as a form of social organization and social progress as opposed to feudal relations. See: Smith, A., (1776): *The Wealth of Nations*, vol.1, p. 412.

by unequal outcomes, correspond to trade-related inequalities and its effects, including the perpetuation of unequal bargaining power, when the distribution of gains from trade do not fulfil relevant distributive and relational requirements.

Relational egalitarian views do not demand, thus, equality in the outcome of a trade relation, such as equality in what is gained by trade to fulfil with egalitarian requirements, but it does demand equality in how the relation is carried out. For example, it demands that trading relations should be made within a background of just institutions promoting egalitarian relations; institutional action should express an *attitude* and a *meaning* making the case for egalitarian relations among trading partners²⁸⁵. Relational egalitarianism demands, in the same line, to level the playing field for just negotiations and to apply the terms that enable equal standing and power of influence among trading partners.

The latter version of relational egalitarianism, the demands it poses to institutions which are part of the trade regime and participate in trade practices, and the argument on the relevance of procedures for egalitarian relations²⁸⁶, might be complemented by the distinction that Rawls traces among *pure* and *imperfect* procedural justice at institutions²⁸⁷. Briefly, Rawls defines *pure* procedural justice as those institutions within the basic structure of society, that properly follow the established procedure. Outcomes of *pure* procedural justice will be fair as they are the product of a properly followed procedure. In the case of *imperfect* procedural justice, the requirements for fair outcomes are the opposite. It identifies a correct outcome, but it does not establish a concrete procedure, within an institution that unequivocally leads to it as a requirement. It might be argued that relational egalitarians concerned with how outcomes determine

²⁸⁵ Schemmel defines what is the meaning of an institutional action as follows: “Actions express intentions, and hence have a meaning; interpreting the meaning of an action is the same as assessing the attitude it expresses. The meaning of an action is not just a matter of what the agent in question means to express with her action, but also of how those who are subject to the action may reasonably understand it.” Schemmel, C., (2021): “Distributive and Relational Equality” in Schemmel, C., *Justice and Egalitarian Relations*. Oxford University Press. pg. 45.

²⁸⁶ Here it is relevant to notice that one of the main differences between distributive views and relational views which clarifies why relations understands procedures as central to their account is that, as stated by Elisabeth Anderson, while relational views have an interpersonal conception of justice distributive egalitarians follow a third-person justification of the principles of justice. See: Anderson, E., (2010): “The Fundamental Disagreement Between Luck-Egalitarians and Relational Egalitarians”, pp. 2-11

²⁸⁷ Rawls, A., (1971): *A Theory of Justice*, p. 86.

equal treatment and their effects in trade relations, are more likely to focus on *procedural justice*. The main reason is that *procedural justice* better accommodates relations as a matter of an interpersonal concept of justice rather than an equalisation of a certain outcome. As noted, however, outcomes can also be important because exchanges may leave some much worse than others and so more vulnerable to exploitation and other shortcomings of relational equality or even insufficiently well off to remain liable for their choices, and so for example, liable to pay all their debts at the agreed time.

c) Concerns Providing Institutional Equal Treatment: Harmful Relations

According to distributive egalitarianism, egalitarian concerns are better captured by regarding all individuals, although only those who are subjected to or coerced by a certain institution according to some views, “as entitled to equal shares of a *distribuum*.”²⁸⁸ Following this logic, social and political institutions will be considered just or unjust in light of the distributions they promote and the impact these distributions have on individuals²⁸⁹. In contrast, according to the intermediate and the ambitious variations of relational egalitarianism, the idea of equality and equal treatment both from institutions to their subjects and among individuals is not fully captured by providing equal shares of a *distribuum* and measuring their impact to assess those institutions as just or unjust. Relational egalitarian views broadly construed, conceive of equality primarily as equal treatment provided by institutions to their citizens and interpersonally, which under some variations, gives *intrinsic* value to individuals and citizens relating to one another as equals. This subsection focuses on first, describing the main difficulties maintaining institutional requirements to promote equal treatment, and second, discussing key effects of trade-related inequalities in individuals.

²⁸⁸ See: Schemmel, C., (2021): *Justice and Egalitarian Relations*, chapter two called "Distributive and Relational Equality" Oxford: Oxford University Press, pg: 25.

²⁸⁹ Ibid, pp: 25 – 27.

Providing Equal Treatment through Protection from Wrongful Inequalities

As it was mentioned in section one, a wide range of variations of relational egalitarian views endorse the following definition of equal treatment understood as the main requisite of a just society: “What citizens ultimately owe one another is the social conditions of the freedoms people need to function as equal citizens.”²⁹⁰ According to this definition, egalitarians should then be concerned with institutions promoting relations among citizens free from domination, exploitation, and unequal standing among the subject of the institution²⁹¹.

In the case of trade, one of the main challenges faced by these egalitarian views is to account for trade transactions. Transactions and, more precisely, trade exchanges, have not only distributive consequences, i.e., effects in trading parties, such as countries, and their citizens, due to the distribution of goods and services, but they might generate further impacts regarding other values such as political equality both among countries and citizens. An example of requirements to maintain the political value of equality beyond distributions is what is called transactional justice, i.e., what justice demands in exchanges. Transactional justice establishes three main requirements for exchanges to be considered as just:

- (i) All parties taking place in the exchange have an equal legal competence,
- (ii) they are equally well informed, and
- (iii) they have sufficient capacities to make a rational decision, so that no party may dictate the terms of trade.

Even though these conditions consider other values than equality as fundamental moral values, substantive political equality, i.e., equal consideration of persons and respect are

²⁹⁰ Anderson, E., (1999): “What is the point of equality”, p. 320.

²⁹¹ Some of the main views defending this interpretation of relational egalitarianism include Elisabeth Anderson, see: Anderson, E., (1999): “What is the Point of Equality?”, *Ethics*, 109, no.2, 2287-337, and Anderson, E., (2012): “Equality” in Estlund, D., *The Oxford Handbook of Political Philosophy*, Oxford: Oxford University Press; Samuel Scheffler, see: Scheffler, S., (2003): “What is Egalitarianism?” *Philosophy and Public Affairs* 31, no.1 5-39. Christian Schemmel, see: Schemmel, C., (2021): *Justice and Egalitarian Relations*, chapter two called "Distributive and Relational Equality" Oxford: Oxford University Press.

protected through equal treatment in the transaction process at institutions regulating trade.

According to this version of egalitarianism in trade and trade exchanges in particular, equality, and the general idea of equal treatment and equal consideration and respect should be present in a trade exchange or interaction to be fair. However, even if we can agree that the abstract idea of equality should be considered in the moral assessment of trade processes, one can still ask: what should institutions governing this practice conceive as inequalities hindering the promotion of equal relations both among trading partners, such as countries trading, and among citizens?

In the context of the international trade regime, different variations of relational equality demand and establishes different requirements to achieve social equality. The common requirement established by, broadly, relational egalitarian variations is that people should treat each other on a basis of equality. However, as Samuel Scheffler indicates: “(...) the ideal of an egalitarian relationship draws on values other than equality itself.”²⁹² Although according to the taxonomy developed in section one, Scheffler falls into the category of more ambitious relational equality views, this idea might be agreed among all three variations of relational egalitarianism. The three variations of relational equality might consider both *instrumental* and *non-instrumental* egalitarian reasons as well as non-egalitarian reasons to assess inequalities within the trade regime, its gains, and harms. In this scheme, originally distributive values such as *responsibility* and values such as *reciprocity* are considered by relational egalitarian accounts to assess relations and distributions generated by the trading regime as just or unjust. However, according to relational accounts, the moral wrongness of inequalities within these values might be better captured by concerns with relational equality.

As it was described in Chapter Four section three, a fruitful distinction to account for inequalities from a relational egalitarian perspective is Scanlon’s idea of the variety reasons there are to be concerned with inequality. According to Scanlon, “the bare idea of equal consideration leads us to substantively egalitarian consequences only via other

²⁹² Scheffler, S., “The Practice of Equality”, in *Social Equality: On What it Means to be Equals*, ed. Fourie, C., Schuppert F., and Wallimann-Helmer, I., (2015), OUP, pp. 21-44, p. 24.

more specific values (...) most of which are not essentially egalitarian”²⁹³ As mentioned in the previous chapter, section three, Scanlon distinguishes between *narrow* and *broad* egalitarian reasons to be concerned with inequalities. While *broad* egalitarian reasons are concerned with the *effects* of narrowing the gap among two agents, *narrow* egalitarian reasons focus on the *value* of equality and the *disvalue* of someone being worse off than others. According to the latter, objectionable inequalities are those which leave someone worse off than others. To better qualify this condition, it is important to mention that this definition of *narrow* reasons is not clear in all cases as some versions of it would not oppose equalising through leaving someone worse off and nobody better off, which in turn poses further problems to this account.²⁹⁴

International trade generates situations in which developing countries are not in the same bargaining position as developed countries. Unequal bargaining power may raise *broad* as well as *narrow* egalitarian reasons to be concerned with this inequality in relational terms. These reasons are not mutually exclusive, thus, there are cases in which inequalities might matter due to both reasons, such as the case at stake. This case might be analysed within the framework established by Scanlon when he elaborates the concern with political equality²⁹⁵. There are at least two main arguments to oppose differences in bargaining power: first, due to its consequences and second, based on the value of equality itself. First, inequality in bargaining power plays against the interests of developing countries. In this sense, the unequal bargaining power among developed and developing countries may not only advance developed countries’ interests instead of developing countries’ ones, but this may also turn economic advantage into power and thus, control.²⁹⁶ Thus, making the case for being concerned with the generated inequality due to *broad* egalitarian reasons. Second, this situation may also generate a context of domination among weak and strong countries negotiating. Domination of some over others raises both *narrow* and *broad* egalitarian concerns with inequalities responsible for this unequal relation. *Narrow* egalitarian concerns argue that the unequal

²⁹³ Scanlon, T. (1996), “The Diversity of Objections to Inequality”, *The Lindley Lecture*, University of Kansas, pg. 202.

²⁹⁴ Ibid, p. 5.

²⁹⁵ See: Scanlon, T., (2018): *Why does Inequality Matter?* Oxford University Press, Chapter 6 “Political Fairness” pp. 97 – 122.

²⁹⁶ Scanlon, T., (2018): *Why does Inequality Matter?* Oxford University Press, p.10.

relation of domination is unacceptable and *broad* egalitarian concerns argue that the inequality established is morally objectionable as those dominated will lose power over their lives as a result²⁹⁷.

The history of economy is full of examples of the consequences of the difference between developed and developing nations in bargaining power, to wit: in the post war period, just after the foundation of Bretton Woods, the international community intended to fund the ITO (*International Trade Organization*), which general objective was to facilitate international trade. However, the project failed due to the opposition of the US, who argued that the projected institutions might become too binding. Consequently, the WTO (World Trade Organization) was founded, although it had no coercive power and a very poor performance in this regard. In contrast to distributive egalitarian views, the variety of objections to inequality catered by Scanlon is focused on relations of various kinds that give raise to inequalities. According to this account, inequalities arise as a form of interaction including interpersonal dynamics, rather than as an involuntary difference between two individuals regardless of their framework.²⁹⁸ The consequences of unequal bargaining power make the case for *broad* egalitarian reasons. The consequences in this example of such inequality were not restricted to the unequal relation among partners but had highly pervasive consequences for the whole trade regime, both at that point and for future generations.

Pervasive Effects of Trade Inequalities in Individuals

Previous subsections have identified three variations of relational equality. Each variation accounted differently for the role that distributions and relations play on how they conceived social justice. However, the three variations agreed that distributions and, in some cases, unequal outcomes condition relational equality and pose egalitarian reasons to be concerned with inequalities. According to the socioeconomic challenges identified in Chapter Four, trade poses pervasive and unavoidable effects on citizens

²⁹⁷ Christian Schemmel identify this reason as one of the three reasons he gives according to which liberal justice-based relational egalitarians can oppose inequalities in social status. For the whole argument see: Schemmel, 'Social Equality - or Justice?' pp. 159, in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., (eds.) *Social Equality: on What It Means to Be Equals*, Oxford University Press.

²⁹⁸ *Ibid.*, pg. 13.

from trading partners and non-trading partners. Trade conditions, thus, individuals' ability to develop their life's plans pervasively influencing and conditioning domestic institutions. One main reason to be concerned with trade-related distributions are the consequences of these distributions in individuals²⁹⁹. In this sense, as Debra Satz argues, the concept of equal citizenship puts some inherent restrictions on the extent to which a basic institution of the trade regime such as the market can determine the life chances of individuals. In particular, she describes how the market may impact in different people's lives, namely by generating weak agency and vulnerability. According to Satz, some markets have extremely bad outcomes for individuals, and some have extremely bad outcomes for the society as a whole.³⁰⁰

As a result, the employment of a free market model can have undesirable consequences when some participants lack basic information about the goods they are exchanging, when there are negative external effects on third parties, and when “(...) those who fare very badly in the market system—who hold down personally unrewarding jobs for little pay, have no viable alternatives with which to support themselves, lack information, and so on—might reasonably claim that they have only a minimal and degenerate form of freedom.”³⁰¹ This case illustrates an example of how the distributive outcomes of trade exchanges may both contribute to generate and perpetuate inequalities both among countries and citizens. These effects increase weak agency and vulnerability as a result of unequal trade exchanges, contributing to generate the conditions for differences in political influence and power both for countries at the trade regime and for citizens of a state. This, in turn, erodes the capacity of institutions (in the international realm the WTO and at a state level social domestic institutions) to provide the background conditions to promote equal relations and equal treatment.

Specifically, the distributive effects of trade within countries generates both socioeconomic and relational challenges that should be approached combining both distributive and relational egalitarian concerns. This is the case of low-skill workers.

²⁹⁹ The global economic system generates economic and social externalities that may affect individuals and citizens that either their country did not participate in the trading scheme that gave raised to the externality or do not actively participate in the global economic system.

³⁰⁰ Satz, D. 2010, *Why some Things Should not Be for Sale: the moral limits of markets*, OUP, p. 36

³⁰¹ Ibid, p. 25.

Distributive egalitarian theories capture the wrongness of the inequality between low-skilled workers harmed by participation in trade exchanges and workers benefited by participation in international trade from different egalitarian perspectives.

The literature on distributive equality has distinguished two types of arguments based on the concepts of responsibility and desert/merit as one of the main features justifying deviations from equality: first, responsibility-catering egalitarianism and second, desert-catering egalitarianism. The former argues that deviations from equality are justified, i.e., not morally objectionable, when they are the product of *substantive responsibility*.³⁰² Some resulting unequal outcomes might leave others so much worse-off that some distributive egalitarian variants might object to the resulting inequalities. A possible interpretation of responsibility-catering egalitarianism argues, however, that whether these deviations benefit, or harm responsible agents is not a relevant element to reconsider the justification of a deviation from an egalitarian distribution. The latter, desert-catering egalitarianism, argues that deviations from equality are justified when they are a product either of *substantive or prudential responsibility*³⁰³. This view disagrees with the former as it argues that those who act with prudential responsibility in contrast to substantial responsibility deserve better outcomes, i.e., more rewarding outcomes than those substantially responsible for their position.

To exemplify this argument, imagine two twins Black and Red who engage in equal gambles and bet the same amount of money and against the same odds. One bets 100€ on red, the other on black, the chances of red and black are equally. Black wins 1000€ and Red loses. Many luck egalitarian think the resulting inequality is just. From the point of view of desert, however, both were equally prudent or imprudent, so they deserved the same and should split the result. Suppose they do this, and then Black, feeling lucky, bets his 500€ on Black 13, which is very unlikely to come out, while Red

³⁰² Scanlon defined substantive responsibility as follows: “These judgements of responsibility express substantive claims about what people are required (...) to do for each other.” He follows by establishing one of the main concerns with substantive responsibility: “the way in which a person’s obligations to others and his claims against them depend upon the opportunities to choose that he has had and the decisions that he has made.” Scanlon, T. (1998) *What We Owe to Each Other*, pg. 248, 249.

³⁰³ For a discussion on the difference between prudential and substantial responsibility see: Michael Blake and Mathias Risse, ‘Two Models of Equality and Responsibility’, *Canadian Journal of Philosophy*, 38.2 (2008), 165–99.

very prudently bets only 10€ on Red. In that case there is a difference in behaviour which desert theorist will take into account.

Similarly, luck egalitarians will not compensate low skilled workers who chose to be low skilled. Desert theories argue that these workers are not owed compensation for their low skills if their low skills were the product of a lazy or imprudent personality but deserve it if they cannot be blamed for it.

In addition, we may understand the relation between unequal outcomes and responsibility in two ways. First, standard luck egalitarians like Dworkin will hold that if an individual takes certain gambles, against a just background that includes equal opportunities, he is liable for being worse off than others, because his position cannot be traced to brute bad luck. Other responsibility-catering egalitarians (or prioritarrians) like Richard Arneson hold that in deciding how much we must grant to somebody we must consider how much can we benefit him, how badly off is he (which are the standard prioritarian concerns) and how responsible is he. In his view, responsibility is clearly scalar and just another consideration to bear in mind in distributive justice. For Arneson, the fact that the person is very badly off remains regrettable, and a reason for action, even if it was fully attributed to his choices. Those concerned with inequalities, regardless of their origin, will find this view more amenable, because it can easily incorporate additional concerns such as the fear that trade may leave some too badly off, or vulnerable to exploitation. Finally, the real world does not resemble the conditions that luck egalitarians have in mind. Trade does not take place against a just background and in conditions of equality of opportunity. As a result, we can only speak about responsibility and liability for one's actions in a very cautious way and in scalar terms. Arneson's framework facilitates the incorporation of responsibility as a matter of degree, which is all we can do when discussing trade in the real world.

According to the more ambitious relational egalitarian variation, institutional actions express *attitudes* and *meaning* to their subjects. The distinction between just and unjust institutional action is partly conditioned by the means employed to reach the desired outcomes, regardless of whether they produce the same outcome. Briefly, in the case of

low-skilled workers harmed by trade, the ambitious relational equality variation first establishes the objective of both institutions, namely, to trade among agents for economic as well as political reasons, including economic growth and progress.

Institutions governing this practice might reach the desired outcome through different policies. Relational egalitarian views assess, in contrast to responsibility-catering versions of distributive egalitarianism, whether the means employed generated further harms and impacts. Regarding desert-catering distributive views, relational egalitarians would be able to account not only for the possibly unintended, harmful consequences of reaching a desirable outcome, but also between different just and unjust means employed by institutions to reach the outcome at stake.³⁰⁴ Finally, a view like Arneson's facilitates an ecumenical approach which can include not only a concern with distribution and responsibility but also additional, distinctively relational, negative aspects of an unequal outcome, such as the risk of destitution and exploitation.

Conclusion

This chapter has described relational egalitarian views in contrast to some variations of the distributive equality perspective to clarify the different contributions from each view to some of the main challenges related to trade and trading activities and, most importantly, institutions. The main goal of this chapter, thus, has been to develop a better understanding and assessment of what could be conceived as morally objectionable with trade-related inequalities.

To do so, the first section has articulated a threefold analysis: first, it has briefly explained relational egalitarian views, second, it has sketched one common methodological challenge to these views posed by distributive equality, and third, it has developed a taxonomy of three possible variants within relational egalitarianism. The main element for this distinction has been the role played by distributive concerns at each relational variation. Distributions are a common ground in relational views as it is

³⁰⁴ For a defence of the relational egalitarian view better capturing unjust inequalities than its distributive counterpart see: Schemmel, C., (2021): "Distributive and Relational Equality" in Schemmel, C., (2021): *Justice and Egalitarian Relations*, Oxford University Press, pp: 45 – 51.

widely agreed that distributive patterns condition both individual relations and institutions aiming at providing the conditions for equal treatment.

Following this contrast among egalitarian views and their responses to trade-related inequalities and challenges, section two develops the argument that distributive and relational inequality should be tackled together to fulfil what justice requires in the international trade regime to account for trade-related inequalities. It argues that, although relational egalitarianism will not automatically oppose inequalities in distributions, concerns with such inequalities raise when they have a direct impact in the demands of social equality. To do so, section two is divided in three subsections. First, it describes the possibility of different *distribuenda* within relational egalitarianism explored by authors in the literature on relational or social egalitarianism, and mentions the possibility of *sufficientarian* and *prioritarian* principles. Second, it explores key discussion with the challenge that *outcomes* and unequal *outcomes* poses to egalitarian accounts, in particular, in the case of trade-related inequalities. Inequalities may be traceable to certain choices and still remain objectionable because either the just background conditions did not obtain or because unequal outcomes may themselves have consequences such as deprivation or exploitation that many egalitarians are concerned with. Third, and finally, this section focuses on the difficulties for domestic institutions and institutions which belong to the trade regime, to promote and provide equal treatment to their subjects in a context of trade practice, and to protect their subjects from trade-related harms.

CHAPTER 6. REVIEW CHAPTER: A PRÉCIS ON AARON JAMES AND MATHIAS RISSE RELATIONAL CONCERNS OF TRADE JUSTICE

“No major famine has ever occurred in a functioning democracy with regular elections, oppositions parties, basic freedom of speech and a relatively free media (even when the country is very poor and in a seriously adverse food situation).”

Amartya Sen, *The Idea of Justice*. pg. 352.

Introduction

Before the proper introduction to this chapter, it is relevant to locate this final part of the thesis in the overall narrative of the dissertation. Part two of the dissertation is formed by three chapters which develops three different objectives: first, introducing the main methodological challenges that trade justice theories might face; second, presenting the main theories of global justice classified in five different views on the basis of how they account for the morally objectionable inequalities raised by trade-related socioeconomic concerns, and describe how they contribute to the trade justice debate; and third, distinguishing between distributional and relational egalitarian views and describe three main variations within the latter, in light of their consideration of the role that distributions play in the moral objectionability of unequal relations. Chapter Five provided an account of relational egalitarian views in contrast with distributive egalitarian ones and elaborated a brief taxonomy of three variations within relational egalitarianism. The present chapter, jointly with Chapter Seven, commence part three of the dissertation. This chapter discusses two of the most relevant relational views of trade justice, to wit: James and Risse and Wollner. It considers the main contribution of relational views to trade challenges, including unequal bargaining power, from a perspective of relational egalitarianism.

Part three of the dissertation aims at presenting an argument according to which relational inequalities generated by trade including unequal bargaining power and

differences in status and standing, should be identified both by domestic and international institutions at the trading regime. It develops an argument focused on why these inequalities are specially morally objectionable. It concludes that a possible interpretation of relational egalitarian views provides a better concept of social equality and political equality that allows us to better account for the moral objectionability of trade-related inequalities.

After the location of this final part of the dissertation in the overall picture, we start the introduction of Chapter Six. The previous chapter developed key ideas on the key role that distributions play in relational accounts and how they influence concerns with relational equality. There are two main ways in which distributions might contribute to relational accounts: first, they influence the *concept* of *equality* of relational views (this is the main role considered in the taxonomy), and second, distributional inequality might pervasively affect relational equality (which is discussed in Chapter Five, section two). This distinction of the role that distributive accounts play in relational views contributed to the main aim of the previous chapter, i.e., to clarify key reasons why relational egalitarian views consider key trade-related inequalities as morally wrong. It argued, most importantly, that a relational egalitarian perspective, broadly construed, is capable of identifying the moral wrongness of key inequalities within trade practices unaccounted by distributive views.

We can say that two of the most prominent views within trade justice, Aaron James and Mathias Risse, can be characterised as relational views. Both views share the argument that the dichotomy cosmopolitan/statist hinders the normative examination of international trade and both accounts of trade justice propose a third way or an alternative non-dichotomic way. One main dissimilarity among these views is the role that relations play in each account. James, on the one hand, uses the concept of trade relations and the practice of trade as a subject of political morality beyond coercive relations. He identifies *status equality* as the main assumption to establish a *benchmark of equality* for distributions within the trade regime. Recalling the taxonomy developed in Chapter Five, section one c), the combination of relations and distributive concerns in his view might well fall under the label of weak relational egalitarianism. On the other

hand, relations play a central role in Risse's account. He and Gabriel Wollner develop a pluralistic account which identifies, as mentioned in Chapter Three, section three, five different grounds for the application of principles of justice; to be subjected to the trading system is one of these grounds. Risse and Wollner's view can be characterised as *pluralist* as they combine relational and non-relational as well as egalitarian and non-egalitarian principles to govern the identified grounds of justice. Another reason to characterise Risse and Wollner's view as *pluralist* relationism is the weight they give to the role of relations identifying morally objectionable inequalities within trade. They defend that a relational view of international trade is more plausible than a nonrelational view; noticeably because, the former, in their *globalist* variant, focus on political structures rather than on the distribution of advantages. They argue that the main difference between a nonrelational and a relational account is that the latter makes a clear reference to *practices* among the related individuals.

This chapter aims at developing a précis of two of the most prominent views within the literature of trade justice, namely, James and Risse. To do so, it is divided in three main sections: the first section briefly describes James's account by focusing on two of the main arguments at the core of his view, to wit: (1) international trade and the trade regime understood as an *international social practice of market reliance* and (2) his concept of fairness as *structural equity*. Section two briefly describes Risse's view and his most recent account of trade justice, developed jointly with Wollner. It distinguishes two of the main elements of this account: (1) *pluralist internationalism* and (2) *exploitation as unfairness through power*. Finally, section three completes the description of both views with a précis on their concepts of relations. It argues that both views have important relational elements with similarities and dissimilarities. To do so, it describes and offers a critical notice on James's and Risse's concepts of relations in light of their treatment of one key relational challenge within trade justice, to wit: inequalities in bargaining power.

6.1 Aaron James account of trade justice

Roughly, James's account aims at responding at two basic questions regarding how a theory of fairness should account for international trade: first, what type of fairness puzzle does international trade make the case for, and second, what does fairness require of international trade, i.e., which moral principles should govern the practice of international trade to be just. James's answer to these questions, as mentioned in Chapter Three, section three, results from the combination of the application of both *internal* and *external* principles to govern trade understood as a *practice*. This is one of the main characteristics which defines James's view.

According to James, while internal principles are those which arises due to the fact that a global economy exists, external principles deal with issues of fairness which are almost independent of the global economy, i.e., which will not fundamentally varied if the global economy did not exists.³⁰⁵ These two principles aim at responding to different concerns with trade. On the one hand, *internal* principles focus on articulating a response to what fairness requires of the global economy, i.e., how the main activity of the global economy, this is, international trade, should be governed *not to leave anyone behind*. *External* principles, on the other hand, focus on broader concerns with global justice which might also arise in the context of international trade. Importantly, this type of principles is not unique or specific of the trading practice, they include concerns with human rights and concerns with poverty and humanitarian assistance.

One of the main elements of James's egalitarian account is the argument that the product of trade, i.e., what has been produced as a result of trade exchanges that would have not been possible in autarky, should be distributed equally among the trading partners, against a benchmark of autarky. To account for his egalitarian view on the discussion of the distribution of the gains from trade, James, first, identifies what he calls the *international social practice of market reliance* as the *locus* of justice in general and of distributive justice in particular, in the case of trade. He specifically focuses on the consequences that the organisation of the *international social practice of*

³⁰⁵ See: Aaron James, *Fairness in Practice : A Social Contract for a Global Economy*. 2012. pg: 144.

market reliance has both for the gross domestic product (GDP) of countries trading, in general, and for the individuals and different social classes within these countries, in particular.

Within this framework, he aims at establishing a benchmark of equality to enable the application of egalitarian distributive principles to institutions governing the *trading practice*. He proposes *structural equity* as the main requirement to govern the trading practice. This egalitarian requirement, in turn, leads to three main egalitarian principles to govern the institutions of the trade regime. These three principles are: *Collective Due Care*, *International Relative Gains*, and *Domestic Relative Gains*.

This section describes both the main concepts of *market reliance practice* and *structural equity* which constitute James's trade justice account. It describes his *constructive methodology* and the three principles of equality. Through the presentation of the main concepts of James's view, this section briefly considers two critiques: first, the critique to plausibility of the *structural equity* requirement, and the difficulties with autarky as a benchmark of equality.

a) The framework of a social practice beyond borders

James develops his normative approach to trade justice departing from the identification of different fair-related arguments aiming at responding to socioeconomic challenges generated by the global economy. These arguments have been encompassed by the literature on economics. He summarizes five of such main arguments, to wit:

- (i) *Farm subsidies* to advanced countries' agribusiness impoverish developing countries' farmers³⁰⁶.

³⁰⁶ The challenge of farm subsidies is identified by different accounts of justice in trade, these include Mathias Risse's and Christian Barry's, see: Barry, C., and Wisor, S., (2014): 'The Ethics of International Trade', in Moellendorf, D., and Widdows, H., (2014): *Handbook of Global Ethics*, 2014, 1–30. See also: Risse, M., (2003): "What We Owe to the Global Poor: Political Philosophy Meets Development Economics", working paper, and Miller, R. W., (2010): *Globalizing Justice: The Ethics of Poverty and Power*, chapter on "Globalization Moralized" and on "Global Social Democracy", see also Kurjanska, M., and Risse, M., (2008): 'Fairness in Trade II: Export Subsidies and the Fair Trade Movement', 29–56, *Politics, Philosophy, and Economics*.

- (ii) *Fair development flexibility* is lacked at the WTO, since its regulation forbids industrial policies that may be necessary for socioeconomic development.
- (iii) Advanced countries protect their low-skilled workers from *unfair labour competition* with cheap labour in developing countries.
- (iv) *Unfair insurance burden* is generated between developed and developing countries as while the former has established insurance schemes for compensation, the latter is unable due to high capital mobility.
- (v) *Unfair crisis risk* is due to the post-1970 style of international capitalism, i.e., liberalized controls on capital do not boost developing countries' growth and has led to global financial crisis.³⁰⁷

These economic arguments have shaped James's understanding of the global economy and the international trade. This understanding gives raise to one of the main characteristics of his view, according to which the trade regime is formed by various economic and social practices, governed by institutions, in which different agents participate. In James's words: international trade is a *mutual reliance and voluntary practice*. International trade is thus interpreted as an international scheme of cooperation and mutual reliance among parties with a share purpose and a system of common rules.³⁰⁸ This practice, understood as particular and distinguished, makes the case for the application of its own, unique, internal principles of justice. According to this view, concerns external to trade including issues with poverty and socioeconomic development, as well as other forms of injustice, are identified and addressed, in this case, by *external* principles. External principles do not, however, directly interact with internal concerns of trade.

Finally, this analysis of trade understood as a mutual reliance practice comprises three main elements: first, a *constructivist methodology*, second, the element of *reliance*, and third, the *condition of reasonableness*.

³⁰⁷ This is a summary of the five arguments James finds in the literature. See: Aaron James (2012). *Fairness in Trade: A Social Contract for a Global Economy*. pp. 6-8.

³⁰⁸ A, James, (2014): "A Theory of Fairness in Trade", *Moral Philosophy and Politics*, pp. 177-180.

First, the motivation of a constructivist methodology of fairness in trade. One of the main reasons of concern identified by James is the fact that the global economic practice, understood by this author as a *market reliance practice*, can be organised in different ways, resulting in a direct impact in the wellbeing and life's prospects of individuals participating. This objectionable impact generated by the trade regime through trading interactions constitutes thereby a subject for demands of justice. In the case of James, this concern makes the case to first, create a framework enabling the assessment of the trading practice, and second, elaborate the moral requirements demanded by the practice of international trade to be fair. To do so, he proposes a constructivist methodology.

Briefly, one of the main characteristics of a constructivist methodology is that it applies to a certain practice which becomes the focus of the discussion on the fairness requirements that should apply to it. One of the main characteristics of this approach is that it affirms that the foundations and focus of moral principles, applied to the trade regime in this occasion, make the case for trade to develop their own, internal, principles of justice. According to James, the social practice which becomes the focus of the discussion on the moral requirements of fairness in the case of trade is the *market reliance practice*³⁰⁹. In this case, the identified practice fulfils the conditions to be considered as a relevant social practice by this methodology. The main reason is that it is a continuous activity performed by different agents (states or countries in the case of James) coordinated by shared expectations which in turn might be both adapted and governed by its agents (countries). This methodology is called *constructive interpretivism*³¹⁰.

The second element of this framework is the element of *reliance*. James highlights that the constitutive feature of the practice he aims at governing is that it is based and is dependent on, at least, two parties. Both parties rely in the other to develop the trade activity, be it an exchange, agreement, or settle the terms of a negotiation. To enable

³⁰⁹ Ibid, pg: 37.

³¹⁰ That idea of *constructing* principles in light of the characteristics of the institutions they aim at governing and their practices can be found in Rawls. See: James, (2005): "Constructing Justice for Existing Practices: Rawls and the Status Quo" *Philosophy and Public Affairs*. pp. 18-28.

this practice, and as a constitutive element and a necessary condition, both parties need to rely on the other not as a matter of otherwise market failure, but both as a basic condition and a guarantee that the practice will be sustained over time.

Finally, the third methodological requirement is the so-called *condition of reasonableness*. According to James, a theory of fairness in trade should answer to the question on how to best set up the distribution of both advantages and disadvantages produced by the global economy in general and international trade in particular against a benchmark of autarky. He establishes that this should respond to a *condition of reasonableness*. The proposed distribution should be immune to reasonable rejection by anyone participating in the distribution. In terms of prospects, reflecting a Scanlonian approach, a theory of fairness in trade should give a satisfactory³¹¹ account to all those involved in trade activities and practices so that their prospects can be acceptable to all through a regulative scheme of principles for the global economic practice³¹². One of the characteristic elements, thus, of this framework of assessment is that it fully depends on the practice that it aims at governing. James approach to trade justice is thereby *practice-dependent* as it takes the practice of trade as the core and basis of the application of the required principles.³¹³ This means that the principles of justice that govern this social practice and its institutions depend both on the nature of that social practice, i.e., what it delivers in terms of goods (material or otherwise) and the institutions governing it.

³¹¹ In this case, satisfactory means the Scanlonian condition of: “no one can reasonably reject”. In words of Scanlon: “An act is wrong if its performance under the circumstances would be disallowed by any set of principles for the general regulation of behaviour that no one could reasonably reject as a basis for informed, unforced, general agreement.” (Scanlon 1998, p. 153). This condition is paraphrased in James’s 2012 book.

³¹² According to Scanlon, the justification of the moral principles to organize the practice at stake should be extended to those affected beyond those who are taking part in a particular scheme such as a trading relation; besides, he adds that in those schemes, unequal distribution is not incompatible with equal treatment in certain cases: “unequal provision of some benefits is a violation of equal concern only if this would be unjustified if the interests of all those affected were given appropriate weight. Inequality need not be incompatible with equal concern if there is not enough of a good to benefit everyone equally, or if it is otherwise impossible, or difficult, or even, as I have said, particularly expensive, to supply some with the same level of benefit as others.” Scanlon, T., (2018): *Why Does Inequality Matter?* OUP, p. 19.

³¹³ For a revisited defence of his practice-dependent approach see: Aaron James, ‘Reply to Critics’, *Canadian Journal of Philosophy*, 44.2 (2014). pp. 292 – 296.

One of the main examples of the application of the reasonableness condition and its impact in James reasoning is his example of how a country which might be harmed by participation in a trade exchange can claim that it is treated badly by the trading regime and its governing principles. According to James, the requirement demanded to regard a trading practice as fair is that no one can reasonably “complain of the way it is treated under the practice. The market reliance practice is reasonably acceptable to all involved.”³¹⁴ To judge whether there is a basis for complaint, one of the main criteria endorsed by this author is Scanlon’s rationale of “what we owe to each other” (quotation marks from the original).³¹⁵ This criterion leads to a three-step reasoning which ensures the Scanlonian requirement of looking at the case from the standpoint of different parties.

- (i) The different interests of the party involved which are morally relevant for the practice should be identified.
- (ii) The different objections to the practice, in light of the parties’ interests, that could be posed by each party should be considered.
- (iii) The different objections and complaints should be taken one by one and compared among each other.

The aim main of the last step is to ensure that the objections posed by parties do or not defeat other objections, or whether they are or not sufficient to rule out the practice as it currently is regulated.³¹⁶

As this last example shows, these three considerations settle the basis for moral assessment of the practice of trade in light of an international political morality perspective. One of the main contributions of the perspective acquired by James to consider international trade as a practice to be governed by principles of fairness is that this approach locates him outside of the dichotomy between cosmopolitan and statist (whether parochial egalitarian or otherwise) views. This approach allows him to recognise the central role of states to the practice, which is state-mediated, while discuss

³¹⁴ James, A., (2012). *Fairness in Practice : A Social Contract for a Global Economy*, pg. 132.

³¹⁵ Ibid., pg. 134.

³¹⁶ Ibid. pg: 135.

the application of egalitarian principles, whether rightly so or not, to the distribution of the gains of trade both to international and domestic institutions.³¹⁷

b) Distributive Concerns

One main field of debate within the literature on trade justice is the distribution of the gains from trade both among trading countries and within trading countries, understood as the main agents of trading practices. Trade justice views offer different accounts of how a fair distribution of the gains from would look like and which principles should govern the trade regime, the practice of trade. To govern the practice of trade, James argues in favour of an egalitarian distribution both among and within countries as part of the *structural equity* scheme conceived to regulate the interactions among countries.

According to James's account, the fairness of the impact generated by the practice of trade and the distribution of its gains is measured considering the concept of *structural equity*. Briefly, structural equity requires that the gains from trade are distributed in a way that no party can reasonably object. One of the main characteristics of structural equity is that it prescribes its own principles of justice, in particular: *Collective Due Care*, *International Relative Gains*, and *Domestic Relative Gains*, explained below

One main pre-requisite shared by all three principles is that the egalitarian distribution that they propose requires to distinguish the departure point before distribution. This departure point is established by what the trading countries accrued in autarky, i.e., by their endowments and how their citizens fare in absence of trade. The least we can say about this pre-requisite is that it has received various critiques from the literature. Briefly, the literature on trade justice has considered not only difficult or even implausible

³¹⁷ Risse and Wollner criticise James's constructive interpretivism approach. The main reason is that it makes less work to make the case for moral considerations of the practice than James argues it does. According to Risse and Wollner, the interpretivism approach offers a weak tool to discuss about the morality of global justice. In their words: "The constructivist method works more like a fence that delineates how much of reality we keep fixed while inquiring about trade. Within those confines we deploy moral argument to identify principles that apply to trade." According to these authors, this approach lacks the tools to consider and answer further considerations including how to solve interpretive disagreement. See: Mathias Risse and Gabriel Wollner, 'Critical Notice of Aaron James, Fairness in Practice: A Social Contract for a Global Economy', *Canadian Journal of Philosophy*, 43.3 (2013), 382–401. pg: 388.

to measure what countries would be like in autarky, noticing that James does not offer enough indicators or relevant information to enable us to understand how they would fare in autarky; but also, it argues that a country is not fully entitled to what it accrued in autarky as this depends on natural and human resources as well as climate conditions.³¹⁸

As noted earlier, in this scenario, James proposes three main principles to govern the practice of international trade primarily among countries:

The first principle addresses the impact of trade in the wellbeing of individuals affected by it and its different related socioeconomic challenges. Specifically:

Collective Due Care: trading nations are to protect people against the harms of trade (either by temporary trade barriers or “safeguards,” etc., or, under free trade, by direct compensation or social insurance schemes). Specifically, no person’s life prospects are to be worse than they would have been had his or her society been a closed society.

It specifies that trade-related harms such as sustained unemployment and economic stagnation, should be organised to protect individuals. To do so, James proposes different ways of compensation such as social insurance schemes. To comply with this first principle, no person should be left worse off than she was before trading.

The second principle addresses the distribution of the gains from trade among countries. Specifically:

International Relative Gains: gains to each trading society, adjusted according to their respective national endowments (e.g., population size, resource base, level of development), are to be distributed equally, unless unequal gains flow (e.g., via special trade privileges) to poor countries.

It thus defends that the international distribution of what countries have gained by participation in the trading regime should be distributed equally, against a benchmark of autarky, unless a more *pareto optimum* distribution could be pursued i.e., that an

³¹⁸ The authors of this last critique, Risee and Wollner, emphasise that the main weakness with James’s autarky is that this is only one ground. It is difficult, they argue, to define principles of distributive justice to govern international trade based on only one ground. Ibid; pg: 390.

unequal distribution might benefit some country without leaving the other trading partner worse off.

The third principle turn the focus from the international distribution of the gains from trade to the domestic one. It follows the logic proposed in the second principle on the criterion established for the distribution of gains from trade. It argues that gains from trade within a country should be distributed equally among all members of society, unless an unequal distribution leaves someone better off, without leaving anyone worse off. Specifically:

Domestic Relative Gains: gains to a given trading society are to be distributed equally among its affected members, unless special reasons justify inequality of gain as acceptable to each as, e.g., when inequality in rewards incentivizes productive activity in a way that maximizes prospects for the worst off over time).³¹⁹

According to James, one of the main reasons motivating his account of fairness in trade is to avoid trade which generates harms on trading parties. In this case the main trading parties considered are countries, and thus, harms include impacts on citizens' wellbeing. To account for the impact of trading practices both at a country level and an individual level, James's account distinguishes both these two levels and the different reasons against unjustified trade-related harms. The first level, addressed by the *International Relative Gains* principle, is the international one, i.e., the effects and harms of trade among countries. The second level, addressed by the *Collective Due Care* principle refers to the domestic one, i.e., the effects and harms of trade within, inside countries.

To illustrate this reasoning, James exemplifies the second level of unjustified trade-related harm by focusing on low skilled workers. He characterizes them as some of the primary subjects of the harms of international trade as it is currently organised. He argues that low-skill workers who have been harmed by globalisation are losing, and their life is not being improved. He affirms that they suffer unjustifiable harm due to sustained unemployment and the consequences of volatility in financial markets, as two

³¹⁹ James, A., (2012). *Fairness in Practice : A Social Contract for a Global Economy*, pp. 203, 204.

of the main factors, and that, besides, this cost only generates a small revenue to the so-called winners from trade.³²⁰ His account considers the possibility of losses from trade for a restricted period of time. He argues that to be fair and compensate for the identified harms, benefits gained from trade in medium and long periods, should happen within the harmed individual life.

One of the main difficulties faced by the principles pertaining to structural equity and governing trade is to establish a benchmark of autarky to measure domestic endowments of each country previous to trade. Specifically, both the principle of *International Relative Gains* and *Domestic Relative Gains*, might be perceived as weakened by the indeterminacy of autarky. For example, according to this account, to be able to measure when inequalities related to trade might be morally objectionable, both distributive principles need to distinguish between gains from trade and countries' endowments before trade. This distinction is necessary to decide when and what unequal distributions to compensate such trade-related inequalities might be applied. This difficulty contributes to the apparent implausibility of the principles, thus, weakening them in theory and its practical application³²¹.

Inequalities among and within countries which might be considered as morally relevant motivate the application of James's principles. This application might not only be directly conditioned by trade exchanges, but it might be affected by other economic features external to trade, including the distribution of economic income and wealth. In James's proposal, trade principles do not consider external issues. James's principles will thus, only applied to inequalities which are generated by trade in isolation. This feature adds another difficulty to the application of the account³²². Finally, and as possible response to this challenge, James argues that not all inequalities in countries' endowments are morally objectionable. He assumes that inequalities in endowments are

³²⁰ Aaron James, 'A Theory of Fairness in Trade', *Moral Philosophy and Politics*, 1.2 (2009), 177–200. pg. 179.

³²¹ Kristi A. Olson develops a strong critique along these lines in: Kristi a. Olson, 'Autarky as a Moral Baseline', *Canadian Journal of Philosophy*, 44.2 (2014), 264–85.

³²² Charles Beitz critique the different uses of the terminology *internal* and *external* through James's book and how they condition the interconnection of practices and their understanding hindering its evaluation and thus the application of principles of regulation. See: Charles R. Beitz, 'Internal and External', *Canadian Journal of Philosophy*, 44.2 (2014), 225–38. Olson.

permissible although they should be considered when distributing the gains from trade both among and within countries through his proposed principles of structural equity.

6.2 Mathias Risse's account of trade justice

The account of trade justice developed by Risse has evolved since the publication of *On Global Justice* in 2012³²³. The basis of this account, the five grounds identified where principles of justice should be applied, remain. Although mentioned before, it would be good to remember the five grounds of justice identified by Risse, to wit:

- (i) *Membership in a state*
- (ii) *Membership in the world*
- (iii) *Subjection to the trading system*
- (iv) *Common ownership of the earth*
- (v) *Common humanity*

One of the main characteristics deduced from this identification is that the principles governing the global sphere will be plural. The five grounds combine specific realms, such as membership in a state or subjection to the trading system with broader ones such as common humanity and membership in the world. This combination of particular and general grounds makes the case for a pluralist account. This account encompasses obligations of justice due to common humanity, which generates more general and less demanding duties such as a duty of beneficence and assistance and to comply with human rights, with narrower obligations in more specific grounds generating more demanding duties such as a duty to protect from exploitation in trade. This combination, characteristic of Risse's account, results in the distinction, in the case of trade, among "obligations from trading and obligations arising in the context of trade."³²⁴ This type of account will consider both obligations raised due to humanity among trading parties as well as obligations internal to the practice and relations established among the parties.

³²³ See the chapter "Justice in Trade" where Risse lays out his view. Risse, M., (2012). *On Global Justice*, pp: 261-278. See also the chapter "Fairness in Trade" in Risse, M., (2012). *Global Political Justice*, pp: 168-192.

³²⁴ Risse, M., and Wollner, G., (2019). *On Trade Justice: A Philosophical Plea for a New Global Deal*, pg: 55.

This methodology is one of the main characteristics of Risse's and Wollner's account of trade justice.

This section aims at describing two of the main concepts constitutive of Risse and Risse and Wollner's views: *pluralist internationalism* and *exploitation through power*. It includes Risse's arguments on the moral objectionability of trade departing from his concern with human rights and oppression, until his more sophisticated view. This latter view, developed jointly with Wollner, locates issues with exploitation, understood as *exploitation through power*, at the centre of the concerns with trade unfairness and proposes a specific conception of *power-induced failure of reciprocity* to govern the trading regime.

a) Pluralist internationalism in trade: different grounds of justice

As mentioned above, the identification of five different grounds as the *locus* where obligations are identified, and principles of justice applied to the institutions governing them is the basis of Risse's pluralist internationalism view. The concept of grounds of justice is key in Risse's account, at this stage, it is worth to clarify it. He defines what is a ground of justice as follows:

“Roughly, a ground of justice is a context where particular principles of distributive justice apply, and do so because individuals in their scope have certain properties or stand in particular relations to each other (which therefore have to be spelled out for any such ground) that render these especially demanding principles applicable.”³²⁵

The identification of different grounds of justice aims at recognising the different relations, agents, and states of affairs which make the case for the application of principles of justice, or, according to Risse, “generate obligations of justice”³²⁶. One main characteristic of Risse's view is that each ground is determined by the type of relations established among its members, by “the properties of the population in virtue

³²⁵ Ibid, pp: 4 and 5.

³²⁶ Ibid, pp: 56.

of which such principles apply”.³²⁷ According to Risse, different types of relations generate different demands of justice.

He does a brief characterisation of relations considering the different spheres identified by the five grounds. Risse argues that relations may be characterised as a sort of shared practice. He distinguishes between *thin* and *thick* relations and gives one illustrative example that gives us a key insight to understand Risse’s concept of relational equality:

- (i) Tribal communities condition individual life in a way imperial structures “with nonintrusive central control” do not³²⁸.

According to Risse, the main characteristic of *thick* relations is that “they shape who we are, what we can do, and what we possess.”³²⁹ This distinction between *thin* and *thick* relations gives rise to different demands of justice. *Thinner* relations generate *thinner* principles of justice, as they limit the moral objectionability of egalitarian concerns at those grounds. Relations such as membership in the world, common ownership of the earth and common humanity, are considered as *thinner* than membership in a state and, for that matter, subjection to the trading system. For example, the ground of common ownership of the earth is characterised by *thinner* relations which make the case for the application of human rights as the moral principles that should be fulfilled to comply with what justice demands at this ground.³³⁰

In the case of membership in a state, Risse’s definition of relations as “share practices”³³¹, make the case to characterise relations within states as *thick* ones. Risse, departs from a *modest defence* of the state as he recognises common laws and coercive institutions as well as a strong form of cooperation that pervasively condition individuals’ wellbeing. Briefly, the main aim of states, according to Risse, is to provide their subjects with public goods. One of the main reasons to favour that aim is the

³²⁷ Mathias Risse, ‘Response to Arneson, de Bres, and Stilz’, *Ethics & International Affairs*, 28.4 (2014), 511–22 . p. 512.

³²⁸ Ibid. pg: 511.

³²⁹ Idem.

³³⁰ See: Risse, M., (2012): *On Global Justice*, Princeton University Press, pp. 209. For a previous treatment of concerns with equality along these lines, see: Michael Blake and Mathias Risse, ‘Two Models of Equality and Responsibility’ (2008) 38 *165*, p. 13, 14.

³³¹ Ibid. p. 511.

feasibility argument. This highly accepted argument considers that states have the ability to provide these public goods to its citizens. In light of Risse's pluralist account, the ground of membership in a state does not require exclusive principles of justice. i.e., that there are no principles of justice that only apply *within* states.³³²

Regarding the ground of subjection to the trade system, according to Risse, globalization plays an important role in determining grounds of justice. International trade is framed in this sense as a specific type of relations among members of the trading regime sharing both practices and a specific set of institutions regulating international trade. Risse argues that new global relations generated by globalization are *thinner* than, e.g., those within states. In the case of trade, Risse, like James, recognises relations among trading parties beyond borders as contributing to generate inequalities (relational and non-relational) which might be morally objectionable, leading to obligations of justice. This perspective, shared with James, recognises trading relations as morally relevant and, as mentioned, capable of generating their own internal principles of justice due to individuals who "stand in particular relations to each other."³³³

Risse's pluralist internationalism account is thus able both to distinguish different relations and to combine different principles in light of the five identified grounds. Relations understood as shared practices within grounds of justice motivate concerns with justice. Grounds of justice, in Risse's view, can be relational and non-relational. The combination of relational and non-relational grounds of justice is called by Risse and Wollner *inclusive relativism*. According to both authors, this view is incompatible with mere non-relational views of justice, as they argue that there are no relational grounds of justice.³³⁴

³³² Mathias Risse, 'Response to Arneson, de Bres, and Stiliz', *Ethics & International Affairs*, 28.4 (2014), 511–22, pp: 512.

³³³ Risse, M., and Wollner, G., (2019). *On Trade Justice: A Philosophical Plea for a New Global Deal*, pg: 5.

³³⁴ *Ibid*, pp: 48 and 49.

b) From human rights and protection from oppression to a concern with exploitation

As we have seen, Risse's account argues, roughly, that what the trading regime demands to be fair is not to comply with egalitarian claims, but not to violate, to comply with human rights. According to Risse's account, what fairness demands at the sphere of international trade is to comply with the requirement of not trading "at anybody's expense"³³⁵. In this scheme, trade, to be fair, should not leave any trading party worse off than how they would fare in absence of that trading exchange. This situation makes the case for assessing a trading exchange as unfair when it is made at the expense of one of the parties trading. In this scenario, Risse adds, the result of the exchange, the gains generated, have a particular disvalue that we might call "ill-gotten gains".³³⁶

It can be said that Risse's account could be interpreted, in contrast with James's, as less egalitarian than the latter. Both views combine both relational and distributional principles to govern trade. Considering that distributions have a direct and pervasive impact in trade justice, in comparison with the egalitarian requirements settled by James, Risse argues in favour of a more sufficientarian distribution. Roughly, sufficientarian distributions, in the case of the gains from trade, between the well-off and the less well-off trading parties, aim at distributing goods not to leave anyone behind a certain threshold of advantage.³³⁷ This distribution of the gains from trade requires that parties do not trade at the expense of each other. A non-compliance with this requirement will generate, according to Risse, violations of human rights.

Risse's account of fair trade would require, thus, no more than to establish the conditions under which trade relations are no longer *relations of oppression* among

³³⁵ The full quote is the following: "In that [trade] relationship, nobody should be taken advantage of; gains from trade should not come at anybody's expense. But that is as far as we can go by way of offering a principle regulating the distribution of gains from trade among countries." Risse, M., (2012): *On Global Justice*, p. 274.

³³⁶ Ibid, p. 272.

³³⁷ For a thorough analysis and key critique of sufficientarian principles see: Casal, P., (2007): *Why Sufficiency is not Enough*, Ethics 117.

trading partners and third parties. To illustrate the concept of oppression endorsed by Risse, it might be helpful to consider his definition:

“The term describes how a group is kept at a disadvantaged status by an unjustifiably arbitrary and often cruel use of power. Oppression may consist of threats and acts of violence or of more subtle forms of social exclusion. When occurring at the state level, oppression is often institutionalized.”³³⁸

The unfairness in these cases lies in the oppression that some trading partners exercise on others, thus generating situations of exploitation. According to James, this context can be found in trade, specifically, between unequal relations among developed and developing countries. These unequal relations include trading exchanges where the difference in bargaining power among trading parties plays a key role contributing to increase relational inequality, thus perpetuating situations of vulnerability. As a result, Risse argues that even in cases in which trading parties fare better in the overall when engaging into trade, the fact that they are oppressed, and their human rights violated renders such trade activity unfair.

In line with this condition, Risse jointly with Kurjanska argues in favour of what has been called the “Weak Westphalia View”. According to Risse and Kurjansa, this concrete proposal for regulation of international trade might serve as a background to assess trading practices governed either or both by domestic or/and global institutions of the trade regime. This view establishes four main conditions that should be fulfilled by an account of trade justice:

- (i) The production process should not be harmful both for trading parties and for third parties.
- (ii) The violation of negative rights by the distribution and generation of the gains from trade imply *pro tanto* reasons to cancel the trading exchange.

³³⁸ Mathias Risse, ‘Fairness in Trade I: Obligations from Trading and the Pauper-Labor Argument’, *Politics Philosophy Economics*, 6 (2007), 355–77; pg: 361.

- (iii) The prices established by markets that harm individuals' interests which are in line with domestic practices may make the case both for state protection under certain circumstances and weighing free trade, to be just.
- (iv) The trade policies should be consistent with states' duties to poor countries, taking into account the effects to third parties.³³⁹

The four conditions reflect the authors concern with oppression and the impact of differences in power among trading partners. It is based in protective mechanisms to avoid harms and, in the overall, the negative impact of trading exchanges. It is scarce however, in positive duties and distribution. It establishes a sufficientarian account recognising duties to poor countries.

A relevant critique of Risse's account is that to establish compliance with human rights as the only requisite to a fair regulation of the international trading regime leaves aside egalitarian relational reasons to be concerned with inequalities. As it was described in Chapter Four, section three, taking relations seriously entails considering broad egalitarian reasons to be concerned with inequalities. In this case, relational inequalities include different forms of domination, inequality in status and social standing, and control over others that may thus render institutions within the trading regime illegitimate.

In light of Scanlon's analysis of the different egalitarian reasons there might be to oppose economic inequality and its effects on institutions³⁴⁰, socioeconomic inequalities among countries may generate an unacceptable degree of control over those countries with less socioeconomic development. This may be due to two factors: first, less bargaining power due to how the trade regime is currently designed. The design of the trade regime and its history since Bretton Woods directly affects relational egalitarian concerns among developed and developing countries. Second, the overall desirability of participating at the trade regime makes the case for more vulnerable countries or agents to continue their participation in the practice. Finally, one further reason to be

³³⁹ Kurjanska, M. and Risse, M., (2008). "Fairness in Trade II: Export Subsidies and the Fair Trade Movement", *Politics, Philosophy and Economics*, pg: 42.

³⁴⁰ Ibid, chapter 6.

concerned with unequal relations within trading exchanges is that those who control others might be in a position to influence and exercise strong *political power*. This inequality in political power might be problematic, following the Scanlonian distinction, for both *narrow* and *broad* egalitarian reasons to be concerned with inequality.

Miller develops a further criticism of Risse's account. He notices that the main conditions established by Risse to govern trade, including the non-oppression condition and compliance with human rights, may not be sufficient for trade to be fair. According to Miller, human rights issues may not cover all cases of unfairness. This is so because not all cases of unfairness in trade are cases of oppression or coercion.³⁴¹ The main critique Miller, among others, makes of Risse's account is that the only objection he poses to the trading regime is that free market, as it currently works, generates the conditions for employers to force workers in sweatshops and similar trading schemes. According to this critique, Risse's account is morally regrettable because trading partners are complicit in supporting the framework that generates the above-mentioned relations of oppression, exploitation, and violations of human rights.

Miller notices that Risse would only regard unfair trade as that particular type of trade that "contributes to violations of the negative rights of one party."³⁴² Whereas negative rights³⁴³ address cases such as sweatshop labour, Miller points out that this view leaves aside further fairness concerns as "*interacting* with people may create positive duties of aid." To illustrate this point, Miller argues that, for example, commodity prices that are too low for someone to obtain adequate subsistence may generate a positive duty on trading parties. In this sense, some may object that Risse's account foresees some positive duties as he accepts that trade matters for development. However, it is

³⁴¹ In the case of coercion, some authors would say that it may fall apart from fairness cases, as coercion is not an obstacle for principles of fairness/justice, and in particular global distributive justice, to take place. See: Arash Abizadeh, 'Cooperation, Pervasive Impact, and Coercion: On the Scope (Not Site) of Distributive Justice', *Philosophy & Public Affairs*, 35.4 (2007), 318–58.

³⁴² It should be added to Miller's sentence that Risse would account as well for violations of negative rights of third parties with which trading partners share the trade ground of justice identified by Risse. See: David Miller, 'Fair Trade: What Does It Mean and Why Does It Matter?', *CSSJ Working Paper Series, SJ013*, November, 2010, 1–27, p. 12.

³⁴³ Negative rights are characterized by imposing duties of forbearance on individuals, this may include rights not to be tortured and in the case at stage, rights not to trade at the expense of someone.

important to notice that he confines his principles to a duty of assistance to build sufficiently fair institutions, and, as mentioned, to comply with human rights.³⁴⁴

More recently, Risse has developed a more ambitious account of trade justice. The main element of this new account developed jointly with Wollner, is that it poses exploitation at the centre of concerns with the moral objectionability of trade. He describes the argument as follows:

“The defect of a history or interaction that would count as coercive or oppressive becomes exploitative if it generates a particular outcome and brings about a certain distribution or transfer of benefits between exploiter and exploited. And the defect of a distribution that would count as unjust or unfair becomes exploitative if it arises from a certain kind of interaction.”³⁴⁵

The elaboration of Risse’s account of exploitation as the main concern of his account of trade justice leads to the conceptualisation of exploitation understood as *unfairness through power*. Risse and Wollner affirm that: “To the extent that some use power over others, relationships among countries are exploitative by violating norms of respect and *recognition*.” (*italics added*).³⁴⁶ This conceptualisation reflects two relational concerns mentioned in the previous chapter, to wit; first, as stated in Chapter Five, section two – b), although equality in outcomes is not enough nor necessary for justice in all cases, inequalities in outcomes, whether relational or distributional, in conditions of vulnerability, might contribute to increase situations of exploitation generating unfair trade; second, as mentioned in Chapters Five, section two a), inequalities in power among trading parties might generate situations of dominations and oppression.

Finally, this concern and conceptualisation of exploitation might be able to respond to some of Miller’s critique. Miller argued that Risse’s account was morally regrettable as it disregarded trading parties which were complicit with an unjust trade regime as they contribute to the perpetuation of its unfair characteristics. According to Risse and

³⁴⁴ Risse, M., (2012): *On Global Justice*, p. 275.

³⁴⁵ Mathias Risse and Gabriel Wollner, ‘Three Images of Trade: On the Place of Trade in a Theory of Global Justice’, *Moral Philosophy and Politics*, 1.2 (2014), pg: 20.

³⁴⁶ Risse, M., and Wollner, G., (2019). *On Trade Justice: A Philosophical Plea for a New Global Deal*, pg: 101.

Wollner, his conception of exploitation as *power-induced failure of reciprocity* would be able to identify and address these cases.

They illustrate this with the example of a situation in which a corporation is benefited by an injustice. Corporations employ workers at low wages and unsustainable labour conditions taking advantage of their desperate situation and lack of options of employment and much needed resources. In this context, Risse and Wollner argue that this relation is morally objectionable for at least one characteristic, namely: there is a violation of *reciprocity* among the trading parties. According to their account, the identification of *actor pluralism*, i.e., the identification of individuals, group agents, non-agential groups, and structures³⁴⁷, as agents potentially involved in situations of exploitation, allow them to understand and characterise group agents and collectives as parties as actors in a transaction.

6.3 James and Risse's contribution to relational challenges within trade justice

As discussed in Chapter Five, section two a), one of the main differences between relational and distributional views is that the latter focus on distributions and compensation for relevant disadvantages, for inequalities, through (re)distribution.

Although relational egalitarians do not disregard distributions, they primarily focus on the relations through which the distributions take place. According to the different variations of relational equality seen in Chapter Five, section one c), relational egalitarian views argue that distributions have an impact, condition, the fairness of relations. The moral consideration of the degree of this impact is a *scalable* feature which defines the concept of equality endorsed by each relational view, and thus, their ability to identify morally objectionable inequalities.

³⁴⁷ Ibid. pg: 95, 101.

According to the intermediate and the ambitious relational egalitarian variations, distributions are, thus, *instrumental* to achieve social equality. These variations of relational equality may argue that the impact of distributions in relational fairness decrease when material goods needed to become and function as an equal member of society are fulfilled, to achieve political equality. The value of distributions for social equality decreases, thus, when democratic equality is achieved³⁴⁸. This characterisation of distributions might lead us to affirm that the relevance of distributions for relational equality, might be understood as *scalar*, as a matter of degree. Briefly, the value of distributions in this relational framework might be measured in relation to their contribution to political equality understood, but not limited, to function as equal members of society.³⁴⁹

The tension produced by the apparent dichotomy between relational and distributional concerns have been conceptualise in ecumenical terms by the literature on trade justice. This combination of relational and distributional concerns may be illustrated by the account of Anderson and Risse, among others. On the one hand, according to Anderson, global processes such as the global economy, i.e., global economic integration, make the case for the global division of labour and of the fruits of labour. She endorses, thereby, an *egalitarian assessment* of the obligations duly generated. Anderson advocates the view that in this scenario, both obligations with fellow citizens and obligations with fellow workers, “who are now found in virtually any part of the globe”³⁵⁰ arise. On the other hand, as mentioned in the previous section, according to Risse, relations within global grounds of justice and in particular within the grounds of subjection to the trading system, should be governed by an ecumenical approach. This

³⁴⁸ This claim regarding the limits of the concerns with the injustice of non-egalitarian distributions of non-relational goods have been recently criticized by what we might classify as weak relational egalitarian views. An example of this critiques is the following: “If non-relational goods have any significance for justice on account of their contribution to well-being, then it is unlikely to be only a minor one.” Miklosi, Z., (2018): “Varieties of relational egalitarianism”, in *Oxford Studies in Political Philosophy, Volume 4*, p. 134.

³⁴⁹ A similar argument is posed by Elisabeth Anderson. According to Anderson, once individuals have fulfilled everything that justice requires, then, even if there are other assessments identifying further wrongs, they will not be injustices, as “Once everyone has done everything justice requires of them, the world is just, whatever other negative evaluations one might make of it. For justice is fundamentally a virtue of agents, not a distributive pattern.” Anderson, E., ‘The Fundamental Disagreement between Luck Egalitarians and Relational Egalitarians’ (2010) 40 *Canadian Journal of Philosophy*, p. 22.

³⁵⁰ See: Elizabeth S Anderson, ‘What Is the Point of Equality?’ (1999) 109 *Ethics* 287, p. 321, footnote: 78.

approach establishes at least two types of concerns: first, the demands established by the application of the concept of exploitation as *unfairness through power*, second, the integration of different normative concerns and fairness claims such as “integrative injustice and violation of rights”.³⁵¹

This section aims at identifying the contribution of Risse and James’s views to the discussion on the role that relations and distributions should play to make unequal bargaining process fair. It describes the main concerns with unequal bargaining power and the main difficulties settling fair terms of negotiation among trading parties. It completes Risse and James’s views with the contributions from Miller, Kapstein and finally, Samuel Scheffler.

a) Relational challenges with trade justice: bargaining relations

One representative example of relevant relations within the international trading regime are bargaining relations. These relations are organised in light of the terms of negotiation established to make the bargaining process fair. The moral objectionability of inequalities in bargaining power has been mentioned in Chapter Five, section two c). There, this process has been characterised as an example of the concern with unequal relations, and their impact, from an egalitarian perspective. This egalitarian concern developed on the chapter, focused mainly on the egalitarian and non-egalitarian reasons we have to be concerned with this inequality.

In this chapter, the discussion moves along the lines of how should trade relations and in particular bargaining relations and terms of negotiation at the international trading regime be to be just. On the one hand, recently, Risse and Wollner have identified this type of relations as potentially exploitative. Different bargaining positions, according to these authors, might generate situations in which power is exercised to take advantage

³⁵¹ The full quote is illustrative of Risse and Wollner’s account of exploitation: “We preserve such insights in our account by integrating distributive injustice and violation of rights as factors that give exploiters power.” Risse, M., and Wollner, G., (2019). *On Trade Justice: A Philosophical Plea for a New Global Deal*, pg: 92.

of unequal positions³⁵². On the other hand, according to some accounts of justice in trade such as James's and Miller's, bargaining relations and the terms of negotiation should be based on *reciprocity* among trading parties. However, *reciprocity* is an ambiguous concept and as such may mean different things in different contexts and to different people.

To clarify this term, Miller defines reciprocity in trade exchanges as follows: "Two parties trade fairly when the terms of exchange are the same for both."³⁵³ According to Miller, trade understood "as a practice governed by certain rules" requires, to be fair, that trading parties have an equal opportunity to benefit from trade exchanges. He recognises the limitations of this view in obvious cases of unequal trading power. He argues that a more sophisticated concept of reciprocity should be developed. To do so, Miller highlights Ethan Kapstein's distinction among *specific* and *diffused* ideas of reciprocity³⁵⁴. Briefly, this distinction argues that to apply different terms of negotiation to different trading partners due to a criterion such as different levels of development, constitutes a short of reciprocity, in particular, *diffused* reciprocity.³⁵⁵ Miller, thus, acknowledges the need (and duty), in cases of unequal power and economic inequalities among countries, to provide weaker parties with "reasonable opportunities to develop."³⁵⁶

James's account of fair negotiation implies "equitable treatment in the structure of social practice."³⁵⁷ In sum, James argues that the outcomes of the market economy, this is to say, its consequences, show whether the so-called common practice of market reliance treats individuals participating with equal respect, i.e., in virtue of their moral equality. This requirement of equal treatment is applied by this account both to a domestic society and to a global society, such as the one generated by the global economy.

³⁵² See: Risse, M., and Wollner, G., (2019). *On Trade Justice: A Philosophical Plea for a New Global Deal*, pg: 91.

³⁵³ Miller, D. (2010) "Fair Trade: what does it mean and why does it matter?" p. 9.

³⁵⁴ David Miller cites the following reference for this distinction: E. Kapstein, *Economic Justice in an Unfair World: toward a level playing field* (Princeton: Princeton University Press, 2006), ch. 2.

³⁵⁵ Miller, D. (2010) "Fair Trade: what does it mean and why does it matter?" p. 10.

³⁵⁶ Ibid. Pg: 26.

³⁵⁷ James, A., (2012): *Fairness in Practice : A Social Contract for a Global Economy*, OUP, pp. 18, 136, 157.

According to James, his account of *structural equality* aims at addressing structural challenges. Specifically, he is concerned with these types of situations: “a judicial system systematically prosecutes a minority racial group while consistently ignoring illegal conduct among a racial majority.”³⁵⁸ This broader objective within James’s analysis, lies at the background of his characterisation of fair-trading practices and market prices. The concern with structural equity and its outcomes develops a *fair play* approach to practices within institutions governing the market practice. In this sense, the concern with structural equity holds that concerns with national self-interests are relevant, but that the principles governing trade should address how every state participating in the market reliance practice fare. In this line, the fair play approach argues, thus, that the terms of negotiation established for trade should fulfil the so-called *deliberative mutuality*. This requirement, roughly, implies two main conditions: one, that when the terms of negotiation are unspecific fair trade requires “fidelity” and “good faith?”, and two, that terms of negotiation should be “fair to all countries involved.”³⁵⁹

Beside Miller’s *reciprocity* and James’s *fair play* accounts of fair negotiation, in some cases, the inequalities among certain countries engaged in trade are so significant and pervasive that both Miller’s and James’s proposals may seem too indeterminate to cover challenges with morally objectionable inequalities in trading outcomes. To illustrate this point, Risse raises the example of negotiation in multilateral and megaregional frameworks. According to Risse, multilateral negotiations taking place at one of the main institutions of the trading regime, i.e., the WTO, present greater difficulties partly due to the difference in development among countries. He indicates that it is not a coincidence that multiregional treaties such as the TTIP and the TPP are on the rise.³⁶⁰ The asymmetry both in development and thus in bargaining power among countries,

³⁵⁸ Ibid, p. 140.

³⁵⁹ Ibid. p. 156, 157, 158.

³⁶⁰ In particular, he argues that: “The fact that Doha has so far failed to offer a meaningful place with the trade regime to developing countries is symptomatic of underlying problems about asymmetrical capacities to take advantage of the system. But the duration of the negotiations also reveals that developing countries are unwilling to accept just any arrangements offered by the powerful players.” See: Risse, M., (2017): ‘Multilateralism and Mega-Regionalism from the Grounds-of-Justice Standpoint’, *Global Justice: Theory, Practice, Rethoric*, p. 12.

due to the design of the WTO and despite the consensus-based system, posed relevant challenges to establish fair terms of negotiation at trading institutions.³⁶¹

Another proposal for such difficult cases is the so called *special and differential treatment*. The special and differential treatment approach propose to apply different terms of negotiation to countries negotiating which have strong unequal levels of development, among other particularities. Broadly, this view holds that in some cases, there is a decisive asymmetry in e.g., social and industrial development among countries trading. Another reason for special and differential treatment regulations within the terms of negotiation is that the relevant asymmetries identified among countries are directly reflected in the market. This asymmetry is thought to render free trade among two countries counterproductive for at least one of them, generally the most vulnerable one. This way, vulnerable countries would be able to be integrated in the global economy by improving their social and economic development, thus reducing the asymmetries that prevent them to become full members of the international trading regime.³⁶²

However, this account has received some critiques from the economic theory of trade posing further problems to the special and differential treatment proposal. One main objection to this framework is that the proposal of special and differential treatment may delay the liberalization process in developing countries. Special and differential treatment may imply economic measures contrary to liberalization such as allowing developing countries maintain barriers and tariffs on certain products of export interest to developing economies³⁶³. In this case, according to the economic theory, the

³⁶¹ Other analysis of fairness in trade argues that, when considering multilateral negotiation schemes at the trading regime as cooperative schemes that should foster welfare, for example through the distribution of the gains from trade, the mere fact that trading partners are participating in a cooperative scheme does not give enough reasons for the participants to establish terms of negotiation that at least benefit the majority. See this argument: Helena De Bres, 'The Cooperation Argument for Fairness in International Trade', *Journal of Social Philosophy*, 42.2 (2011), 192–218.

³⁶² For different developments of this argument see: Gillian Brock, (2009): "The Global Economic Order and Global Justice" in *Global Justice : A Cosmopolitan Account*, Oxford University Press,

³⁶³ It should be noticed that developed countries apply protectionists measures to their economy such as trade-distorting subsidies in certain situations. For an extensive elaboration of this argument see: Kapstein, E., (2007): *Economic Justice in an Unfair World: Toward a Level Playing Field*, Princeton: Princeton University Press, ch.2.

liberalization of developing countries is likely to be unilateral, often supported by the international trading regime.

To the economic objection, political scientists including Kapstein and Miller argue that the efforts to move countries towards free trade should bear in mind the outcomes that fair negotiations have generated over time. The underlying idea, as mentioned before, is that each party should be given an equal opportunity to be advantaged by the trade exchange. This equal opportunity may require differential treatment in cases of vulnerable countries, such as certain developing countries.³⁶⁴ Miller argues as mentioned before, that the distribution of the gains from trade, to be fair, should take into account the background conditions of countries with which they are trading beyond compliance with human rights.³⁶⁵

Relational and economic inequalities among trading countries which give rise to injustices within the trading regime should fulfil the requirements posed by the international declaration of human rights to be fair. In accordance with this condition, Risse proposes not to trade with countries that repeatedly disregard human rights in different areas in their societies, such as labour rights. Following this rationale, we can state that it is against human rights to trade with a country which is most probably providing those trading goods to a third country which is using them to violate human rights. A clear case illustrating this requirement is the case of arms or war related goods trade.³⁶⁶

The deliberative constraint

One key conceptual tool developed by relational egalitarians to characterise the concern with fair terms of negotiation and unequal bargaining power is the so-called *deliberative constraint*. Roughly, the main aim of applying the *deliberative constraint* to govern

³⁶⁴ Miller. D. (2010) "Fair Trade: what does it mean and why does it matter?" p. 9, 10.

³⁶⁵ David Miller. p. 22.

³⁶⁶ To illustrate the case of countries selling goods related to war to other countries who are allegedly using them to violate human rights see: <https://www.reuters.com/article/us-spain-saudi-warships/spain-signs-2-2-billion-framework-deal-to-sell-warships-to-saudi-arabia-idUSKBN1HJ2D5> and <https://edition.cnn.com/2018/06/13/middleeast/yemen-hodeidah-attack-intl/index.html>

trading exchanges is to either restore or establish equal relations among trading parties. To do so, the *deliberative constraint* contributes to generate fair procedures. Relational concerns with unequal relations at trading schemes aim at ensuring the fairness of the process. According to relational equality, equality of outcomes, although potentially desirable, are not sufficient for fair trading negotiations. The *deliberative constraint*, might contribute, in this sense, to either maintain or restore fair relations among trading parties.

The *deliberative constraint* is a concept coined by Samuel Scheffler, he defines the term as follows:

“If you and I have an egalitarian relationship, then I have a standing disposition to treat your strong interests as playing just as significant a role as mine in constraining our decisions and influencing what we will do. And you have a reciprocal disposition with regard to my interests. In addition, both of us normally act on these dispositions. This means that each of our equally important interests constrains our joint decisions to the same extent.”³⁶⁷

According to Scheffler’s concept, relational egalitarian accounts concerned with equal treatment should focus on the equal consideration of the parties, through their interests, within the relation.³⁶⁸ The *deliberative constraint* argues that egalitarian relations require an equal limitation of the interests of each individual taking part in the relation. This limitation aims at implementing the equal consideration of the interests of each party in a relationship by an equal recognition of the interests of the other individual.

One main feature of this constraint is that it is not a direct limitation of the outcome or the results of an equal relation. In this sense, the *deliberative constraint* suggests that an egalitarian relationship should be limited procedurally to be fair. In this framework, Scheffler argues that parties in an egalitarian relation organised by the *deliberative*

³⁶⁷ Samuel Scheffler, "The Practice of Equality", in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., (2015): *Social Equality: On What It Means to be Equals*, Oxford University Press, pg: 25

³⁶⁸ This idea is elaborated by Scheffler: “(...) neither participant is seen by either of them as possessing more authority than the other within the context of the relationship and each sees the other as entitled to participate fully and equally in determining the future course and character of the relationship.” Ibid, pg: 24.

constraint would thus rule out the distributional concern that for a distribution to be just it should follow a fixed distributive arrangement.

According to a possible interpretation of relational egalitarianism which considers the *deliberative constraint*, although egalitarian relations do not aim at producing a concrete outcome as a result of the relation in every case, all the parties in the relation should have an equal opportunity to condition the outcome. This is to say, the interests of the parties in a relation should be taken as playing an equal role in defining the outcome of the relation, however, this does not mean that interests should have equal *weight* in the produced outcome. This characteristic has given rise to critiques within the literature on trade justice. One of the most relevant ones is posed by Lippert-Rasmussen. According to Lippert-Rasmussen, one of the main problems with the *deliberative constraint* is that it accepts that parties participating in a decision will not be equally well-off regarding the final decision. In the case of trade, this implies that trading parties might not be equally well-off as a result of the exchange. According to this author this might be considered as morally objectionable. In turn, Lippert-Rasmussen endorses a more limited interpretation of the *deliberative constraint*. He proposes an alternative interpretation according to which the constraint is applied to the dispositions developed by the parties participating in the decision. However, these dispositions should be separated from social relations.³⁶⁹

Conclusion

This chapter departs from recalling the discussion on what role distributions plays in relational egalitarian accounts. It identifies James and Risse's accounts, two of the most prominent contributions to the literature on trade justice, as relational accounts. It classifies James account as weak relational egalitarian and Risse and Wollner's account as relational pluralist. Section one briefly examines two of the most relevant concepts developed by James's account, to wit: first, international trade understood as a *market reliance practice* and second, his main requirement to govern international trade, to wit: *structural equity*. To do so, it identifies the main socioeconomic challenges acknowledged by James, which motivate his account. Then, it describes the main

³⁶⁹ Kasper Lippert-rasmussen, '*(Luck and Relational) Egalitarians of the World, Unite!*', 2018, pg: 96.

methodological concepts. James follows a *constructivist* methodology which enables him to understand international trade as a practice. Following this framework, he establishes a condition of *reasonableness* to govern the distribution of advantages and disadvantages generated by trade. Then, it describes the requirement of *structural equity* and the three principles of equality. In addition, it briefly comments on key difficulties found within the plausibility of these principles with regard to role that a benchmark of autarky plays in its development and application.

Section two describes Risse's account considering its different developments. In a first phase, Risse's account is focused on the development of the concept of *pluralist internationalism* as the central element of his view on global justice. Then, he identified compliance with human rights and avoidance of situations of oppression as the main requirements of fairness governing the ground of being subject to the trade system. This section includes Miller's critique to Risse's account, based on the limitation of the view of the latter to identified morally objectionable inequalities beyond violations of human rights and certain situations of oppression. Finally, it briefly describes Risse and Wollner's main concepts of exploitation as *unfairness through power* and *power-induced failure of reciprocity*.

Finally, section three aims at finishing the chapter with a précis on James and Risse and Wollner's account through a discussion on the contribution of both views to the morally objectionability of unequal bargaining power and the difficulties setting the terms of fair negotiations. To do so, it starts by recalling, at the beginning of the chapter, the discussion on the role that distributions play in relational egalitarian views. It holds that the significance of material needs, and its distribution, for relational equality is a scalar factor, a gradient. It argues, following what was mentioned in Chapter Five, section two, that egalitarian outcomes are not sufficient for justice. It thus focuses on the difficulties raised by trading processes including bargaining power and fair terms of negotiation. It accounts James and Risse's proposals to make these processes fair. It finishes with a conceptual tool that might be applied to these cases, to wit: the *distributive constraint*. It briefly describes this option and finish with one recent critique.

CHAPTER 7. ON WHY TRADE JUSTICE SHOULD CONSIDER SOCIAL EQUALITY: RELATIONAL CONCERNS AND THE VALUE OF POLITICAL EQUALITY

“...I think that the poorest he that is in England hath a life to live, as the greatest he; and therefore truly, Sir, I think it's clear, that every man that is to live under a government ought first by his own consent to put himself under that government; and I do think that the poorest man in England is not bound in a strict sense to that government that he hath not had a voice to put himself under.” Extract from Colonel Thomas Rainsborough's famous appeal for democratic rights at The Putney Debates, Surrey, England, 1647.

Introduction

Chapter Six presented two of the most relevant relational views of trade justice, to wit: James, and Risse and Wollner. It describes how these relational views identify concerns with the moral objectionability of trade challenges including unequal bargaining power and both terms and outcomes of trade negotiations. It concluded that inequalities in bargaining power and in both outcomes and terms of trade negotiations might generate situations of domination and oppression between trading partners. It argued that relational perspectives analysing trading challenges should take into account both distributive and relational inequalities. Variations in relational egalitarian perspectives might be distinguished according to what role (unequal) distributions plays in relational egalitarian accounts. This chapter finishes part three of the dissertation. It builds on the relational approach to trade-related inequalities developed in Chapter Six. In particular, it follows on the claims concerning the role assigned to distributive concerns and concerns with domination, oppression, and control. From that departure point, it develops an argument according to which relational inequalities, in this case in opportunities to socially valuable positions, might contribute to hinder the background conditions for equal treatment, thus eroding political equality among trading partners, both internationally and domestically.

According to a possible interpretation of a more ambitious variation of relational egalitarianism, institutions in the context of trade should provide the background

conditions to promote equal treatment among both trading partners and their citizens (in cases in which trading partners are countries). Trade-related inequalities might have a threefold impact in countries:

- (i) They might contribute to the erosion of the conditions that ensure democratic and political equality
- (ii) They might generate unequal opportunities to attain valuable social positions
- (iii) They might hinder the promotion of institutional background conditions to promote equal treatment

In turn, the erosion of the conditions for equality of opportunity to generate fair outcomes may generate an inequality in citizen's advancement of their interests within societies. This inequality includes consequences such as some exercising an unjustified degree of control over the lives of others. For example, failure to make the process of accessing valuable positions, or positions of power may erode the legitimacy of institutions governing trade. One of the primary aims of institutions, is to provide equal treatment to every citizen and enable them to act as democratic equals. Institutions failing to comply with this, might, in turn, contribute to the erosion of social status and standing, political influence, and democratic equality within societies.

In summary, the main aim of this chapter is to argue that the concept of democratic equality, as understood by a possible variation of relational equality, enables institutions at the trade regime (domestic and international) to account for moral objectionable trade-related inequalities and their effects in trading actors. Section One analyses one key impact of trade-related inequalities, to wit, the erosion of equality of opportunity fair. It argues that the process of equality of opportunity for positions of power and advantage, within and among countries, is pervasively impacted by international competition and other forms of globalisation. In this scenario, the conditions for a fair competition should be accommodated accordingly.

Section Two analyses how one main effect of the erosion of equality of opportunity, to wit, an unfair distribution of valuable positions within and among societies, may erode

citizens' equal liberties and political equality and influence. To do so, it first establishes a Rawlsian framework that highlights the relevance of social equality for social justice; and second, it elaborates on how trade-related inequalities should be addressed considering their first impact identified above, to wit: the erosion of democratic equality, and the ability of citizens to act as democratic equals and have political influence and equal social status.

The approach to this last point analyses three possible mechanisms within the literature which might allow us to account for these inequalities from an institutional perspective:

- (i) Equal opportunity for political influence
- (ii) The deliberative constraint
- (iii) Responsiveness

7.1 Egalitarian reasons to address trade-related inequalities

Recent economic globalisation, broadly speaking, has generated trade-related inequalities within countries over the last two decades, coinciding with the last historical period of globalisation. Trade-related inequalities such as inequalities in income and wealth due to, e.g., an unfair distribution of the gains from trade either at the global or domestic level, have generated different impacts within countries. For example, they have contributed to widen and perpetuating the gap among existing inequalities within countries.

As described and discussed in Chapter Three, section three, there are at least two types of reasons one may have to be concerned with trade-related inequalities both among and within countries, to wit: *narrow* and *broad* egalitarian reasons. *Broad* reasons to be concerned with trade-related inequalities do not identify inequalities in socioeconomic endowments among countries as morally objectionable *per se*. They argue, in contrast, that there are egalitarian reasons to be concerned with such inequalities since they produce exploitation of those countries less socioeconomic developed. One further reason to be concerned with this inequality is that this *difference* in endowments may

contribute to the disempowerment of such countries in multilateral (and megaregional) negotiations within the World Trade Organization. This case may be thus analysed as raising *broad* as well as *narrow* egalitarian reasons for concern with trade-related inequalities.

One obvious impact of trade-related inequalities is that they contribute to inequalities in income and wealth within countries. This contribution might be of two types: either trade-related inequalities contribute to widen the gap among those who are well-off and those who are worst-off, or they help bridging the gap among them³⁷⁰. In the former case, distributional trade-related inequalities contribute to one of the main effects produced by income inequalities, i.e., to widen the gap between those individuals in positions of power and those who are left behind. This effect has in turn an impact in *social mobility*³⁷¹ through an erosion of the conditions that make the process and outcomes of equality of opportunity fair, i.e., the distribution of positions of power and valuable positions. For instance, income inequality highly contributes to the accumulation of wealth and power which in turn may give some an unacceptable advantage over others in terms of opportunities when competing for the same positions of power and valuable positions. This unacceptable advantage violated one of the conditions established by Scanlon to generate fair process of equality of opportunity: *substantive opportunity*.

Equality of opportunity can be defined as the ideal which establishes that the chances of economic success for an individual should not be determined by her familiar socioeconomic background and status. Equality of opportunity constitutes a fair procedure that aims to make fair various outcome inequalities such as inequalities due to the distribution of valuable positions and various types of discrimination in the

³⁷⁰ It is relevant to add to this point that it is controversial to distinguish between inequalities before and after trade. In this sense, one of the critics to Aaron James and his methodological use of autarky to distinguish between gains from trade and gains in autarky, argues that “there is no non-morally arbitrary way to determine the autarkic gains.” See: Kristi A Olson, ‘Autarky as a Moral Baseline’ (2014) 44 Canadian Journal of Philosophy 264.

³⁷¹ Social mobility refers to the opportunity that individuals within a society have to move up and down the social ladder through her life. Social mobility can be measured within generations or among generations.

process of accessing such positions, that are already justified. One of the most qualified definitions of equality of opportunity is the definition provided by Scanlon, to wit:

“Properly understood, equality of opportunity is not a justification for inequality but an independent requirement that must be satisfied in order for inequalities that are justified in some other way to be just.”³⁷² “(...) it is important to bear in mind that equality of opportunity, even if it is achieved, is not a justification for unequal outcomes, but only a necessary condition for inequalities that are justified in other ways to in fact be just.”³⁷³

To justify the inequalities generated by assigning valuable positions and positions of power to some but not to others, Scanlon established three conditions that equality of opportunity should fulfil to be a fair process, to wit:

- (i) *Institutional justification*: It is justified to have an institution that generates inequalities of this kind.
- (ii) *Procedural fairness*: The process through which it came about that others received this advantage while the person who is complaining did not was procedurally fair.
- (iii) *Substantive opportunity*: There is no wrong involved in the fact that the complainant did not have the necessary qualifications or other means to do better in this process.³⁷⁴

However, this procedure may be understood differently in light of different conceptions of equality. On the one hand, it can be understood as a mechanism for preserving equality at the beginning of a competition by opening positions and careers to talents, i.e., to justify the inequality generated by assigning positions of power and valuable positions to some but not to others. This is the case of *formal equality of opportunity*³⁷⁵. On the other hand, it can be understood as a necessary condition to shift from the concern with equality that establishes a requirement of *equality of talents*, to a

³⁷² Scanlon, T. (2018): *Why Does Equality Matter?* pg. 53.

³⁷³ Ibid. pg. 94.

³⁷⁴ Scanlon, T., (2018): *Why Does Inequality Matter?* pg. 54.

³⁷⁵ For an in-depth discussion of four different accounts of equality of opportunity and its intrinsic or instrumental value see: Arneson (n 58), for the discussion on formal equality of opportunity see the pages: 153-155.

requirement of equality focused on avoiding *other forms of objectionable inequality*, such as unequal relations, e.g., relations of domination, and its effects. Those effects include domination over worse-off citizens such as situations of unjustified exercise of power of those who are better-off towards disadvantaged individuals.

Access to valuable positions and positions of power highly increases the chances of economic success. This desirable outcome may raise egalitarian concerns as an unfair access to positions of power due to discrimination and stigmatization in the process may generate situations of *procedural* unfairness making this outcome illegitimate. This, in turn, has a pervasive impact in the life prospects of individuals subject to the institutions carrying out this process and, among other features, in the prosecution of their interests and well-being. This makes the case for the analysis of *unfair advantage* in the competition for valuable positions and positions of power.

This analysis should take into account the different egalitarian concerns and ideas of equality that are involved in different accounts of equality of opportunity. Different concepts of equality determine different limitations with concerns about inequalities generated by equality of opportunity. In addition, the proposed analysis should study why these inequalities matter to understand how trade-related inequalities impact individuals' well-being. One reason why these inequalities might matter, according to a possible account, is because they contribute to erode the conditions that make equality of opportunity a fair procedure.

In summary, this section focuses on social mobility and, specifically, equality of opportunity as one of the main factors that should be measured by an egalitarian account that wishes to assess both the effects and impact of trade-related inequalities within societies. To do so, it firstly analyses the concept of equality of opportunity and the main impact that globalisation may have in the conditions that make equality of opportunity just. Secondly, it discusses the main different accounts found in the literature and the ideas of equality behind the various versions of equality of opportunity. Third and finally, it focuses on the badness of unequal outcomes generated by equality of opportunity in institutions and thus, discusses different scenarios, in light

of the value of equality endorsed, to make unequal outcomes from equality of opportunity *not justified but fair*³⁷⁶. To do so, it focuses on different ideas of equality, their proposals to make equality of opportunity and its outcomes fair, and explores one main critique.

a) The impact of globalisation on equality of opportunity

The possibility of social mobility within societies highly depends on whether the conditions to make the outcomes of equality of opportunity fair are met. Social mobility is highly determined by inequalities in income and wealth. This effect in social mobility gives domestic institutions a reason to limit the impact of inequalities in income and wealth, for example, by fostering social mobility and mitigating the impact of such inequalities through political measures such as taxation. The level of social mobility has, in turn, an impact in the *stability* of democracy within a society. A high level of social mobility may generate unstable situations as it highly affects individuals' life prospects. Individuals may experience a high probability of moving up but also down the social ladder, with the corresponding effect in the most vulnerable citizens.

The possibility of social mobility refers to and is dependent on the process of equality of opportunity. As noticed, the process of equality of opportunity ensures the fair distribution of positions of power and valuable positions within but also across societies, e.g., at transnational institutions. These transnational institutions include the WTO, the IMF, the ILO, the EU, etc. In addition, the distribution of positions of advantage has gained political and economic importance through the process of globalisation and their role have become more relevant. It might be said that the process of globalisation has impacted equality of opportunity, and specifically the conditions that make equality of opportunity fair through at least three elements:

³⁷⁶ This idea can be found in Scanlon's account of equality of opportunity, to wit: "Properly understood, equality of opportunity is not a justification for inequality but an independent requirement that must be satisfied in order for inequalities that are justified in some other way to be just." Scanlon, T., (2018): *Why Does Inequality Matter?* pg: 53.

- (i) It fostered international competition through the creation of transnational institutions and its increasing role in social, political, and economic matters increasingly affecting domestic societies.
- (ii) It made the case for the creation of transnational standards to measure competing candidates for valuable positions at transnational institutions.
- (iii) The gains from trade and its distribution within countries have a pervasive impact in the conditions that make equality of opportunity a fair process.

One of the main characteristics of the competition for such positions under a free-market scheme is that it puts a lot of pressure on candidate's voluntary choices and family background. This situation may turn a fair competition both within and among societies more difficult to reach since this competition might require some sort of transnational education to fulfil the requirement of *substantive opportunity*.

As the second impact claims, to be fair, transnational competition requires the establishment of a *global standard* to measure candidates.³⁷⁷ These transnational institutions offering valuable positions should also be regulated considering both *procedural fairness* and a *strong justification* for the institutional offering of scarce valuable positions, i.e., for such inequality-generating institutions.

The third and most complex way in which globalisation have impacted social mobility and specifically the conditions to make equality of opportunity fair, is the impact generated by the gains from trade. Specifically, the conditions to make equality of opportunity fair are also affected by both the regulation and the distribution of the gains from trade both at transnational institutions and within societies, correspondingly. The distribution of the gains from trade may affect not only the socioeconomic development

³⁷⁷ Currently, there are transnational standards to measure and assess different practices such as the OECD's Programme for International Student Assessment, PISA. However, global standards such as PISA have not always had good effects domestically or improve the quality of what is being measured, were this an aim or not. Some parties at European countries have proposed to withdraw from the PISA evaluation arguing that this evaluation was counterproductive for the country. This view was shared and criticized among some of the participants at the Executive Training Seminar on Pedagogy and International Education at the School of Transnational Governance, European University Institute in Florence. Due to the fact that the event was regulated under the Chatham House Rules I am not entitled to identify the participants with their views.

of countries, but also how to make inequalities generated by the distribution of scarce positions of power at different arenas both a *just outcome* and the result of a *fair procedure*.

Outcome inequalities generated by the distribution of positions of power makes the case for one of the requirements that make equality of opportunity's outcome just: *substantive opportunity*. Substantive opportunity's main aim is to ensure that the competition for positions of power and valuable positions is fair.³⁷⁸

Before the next point, it is worth noticing that the idea that equality of opportunity preserves *procedural* and *non-procedural fairness* is a contested one. In a recent paper, Richard Arneson argues that the ideal of equality of opportunity lacks *intrinsic value*³⁷⁹. Although he recognises that there are several interpretations of the term, the overall ideal of equality of opportunity is regarded as valuable for its effects and achievements, i.e., as far as it ensures just outcomes. It is thus, not understood as intrinsically value, i.e., as a morally valuable procedure distinct from its outcomes.³⁸⁰

³⁷⁸ As mentioned previously and according to Scanlon's moral anatomy of equality of opportunity, while on the one hand procedural fairness and institutional justification mainly focus on justifying unequal outcomes through good institutions and good procedures, substantive opportunity, on the other hand, focuses on the conditions that a competition for positions of power should be met to be fair. In this sense, substantive opportunity ensures that all candidates have had the same opportunity to access education that equally enable them to compete for such positions. For an enlightening discussion see: Scanlon, T.M., (2018): *Why Does Inequality Matter?*, pg. 70-97.

³⁷⁹ One main line of disagreement with this view is the idea that competition is a special case in need of regulation as it justifies imposing harms on others. In this sense, equality of opportunity is the main tool regulating competition and thus, it plays a prominent role in establishing the conditions that make competition fair. For a concern with competition as a justified form of harming others see: Kolodny, N., (unpublished): "Comment on Scanlon Anatomy of Equality of Opportunity", pg. 8.

³⁸⁰ In line with the argument prioritizing equality of opportunity's achievements over any possible fair procedure he argues the following: "Consider a hunter-gatherer society in which key posts such as priest and chieftain are filled by choice of the current occupant of the post. The norm is that selection is supposed to be done so the common good is best served. The costs of putting in place some formal application assessment procedure would be considerable and produce no expectable gain in quality of performance in these key posts. I can further stipulate that fulfilment of formal equality of opportunity would not serve any further plausible social goals of the members of the society. Here, I submit, non-fulfilment of formal equality of opportunity should not register as a moral loss." Arneson, R., (2018): "Four Conceptions of Equal Opportunity", pg. F155. I will not discuss here whether equality of opportunity has or not intrinsic value. The hybrid view defended in this chapter assumes, roughly, that equality of opportunity is a tool to make already justified inequalities just. The conditions establishing just equality of opportunity outcomes, namely, substantive opportunities, institutional justification, and procedural fairness, contribute to first identify why inequalities matter, and then ensure democratic egalitarianism through an equal distribution of opportunity for political influence.

The next sub-section comments on the different accounts of equality of opportunity in the literature and how they frame the impact of inequality of income and wealth on the ideal of equality of opportunity and why it matters.

b) Different accounts of equality of opportunity

The three conditions established by Scanlon to make equality of opportunity a fair process analyses economic inequalities and, in line with Scanlon's arguments of the various reasons to be concerned with inequality, raises egalitarian concerns of different kinds. However, the literature offers different views of equality of opportunity that frame how inequalities in positions of power should be made fair. The main difference among them lies in their identification of the relevant inequalities.

There are four different ideas of equality of opportunity distinguished by the literature on this topic³⁸¹. According to Arneson, the literature distinguishes four interpretations of equality of opportunity:

- (i) The *libertarian* ideal of equality of opportunity
- (ii) The *formal* ideal of equality of opportunity
- (iii) The *Rawlsian* account of fair equality of opportunity
- (iv) The *luck-egalitarian* account of equality of opportunity

First interpretation. Briefly, the *formal* idea of equality of opportunity is based on the argument that for equality of opportunity to be fair it should ensure a fair competition among candidates for valuable positions and positions of advantage. These positions should be open to talents in an egalitarian basis and assigned due to merit. *Formal* equality of opportunity highlights the fact that equality of opportunity does not reject hierarchy per se, but unjust hierarchy such as a caste society or unjust unequal status. In light of openness as the main requirement for just outcomes established by this view, the main critique to *formal* equality of opportunity is that this account does not ensure the necessary means to develop talents and abilities to every individual and thus does

³⁸¹ Ibid.

not bear into account the costs generated by doing so. It can be said that *formal* equality of opportunity is, at best, an incomplete view of equality of opportunity.

Second interpretation. Fair equality of opportunity, interpreted as the Rawlsian view of equality of opportunity, can be characterised by the fact that it establishes *substantive opportunity* for a fair competition. It is understood as a condition to regard equality of opportunity's unequal outcomes fair, thus complementing *formal* equality of opportunity's requirement of careers open to all. In addition to the requirements of both *formal* equality of opportunity and *luck-egalitarian* accounts, Rawls argues that: "The least advantaged are not the unfortunate or unlucky but those to whom *reciprocity* (*italics added*) is owed as a matter of political justice among those who are free and equal citizens along with everyone else."³⁸² In this argument, Rawls establishes equal citizenship as the condition that ensures equal political liberties. Equal citizenship, in the Rawlsian framework, is at the core of political liberties which in turn are a necessary condition for political equality³⁸³.

Briefly, equal citizenship understood as recognizing others and be recognized by others has two main results: first, it makes the case for reciprocity, and second, it generates a bond among citizens³⁸⁴. In the Rawlsian account, inequalities generated by institutions, such as in the case of equality of opportunity can only be fair as far as citizens are regarded as equals in morally relevant ways and their status and relations among each other take place in a basis of equality.³⁸⁵ This last condition implies, and Rawls makes it clear, that those assigned to positions of power are justified to be there as far as they are able to generate a flow at these positions which maximises the primary goods acquired by the worse-off. Inequalities in income and wealth generated by the institutions of equality of opportunity will only be justified if they fulfil this condition³⁸⁶.

³⁸² Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg.131-133.

³⁸³ This line of argument will be pursued in the next section to illustrate how equality of opportunity and the fulfilment of its conditions affect political equality and then, democratic equality.

³⁸⁴ *Idem*.

³⁸⁵ Rawls argues the following: "the fundamental status in political society is to be equal citizenship, a status everybody has as free and equal persons. It is as equal citizens that we are to have fair access to the fair procedures on which the basic structure relies." *Ibid*, pg. 131.

³⁸⁶ However, it is important to notice that this condition, which might be identified with the difference principle, and the equality of opportunity proviso do not guarantee that everybody will be successful in

Third interpretation. The *luck-egalitarian* account of equality of opportunity focuses on the level the playing field mechanism to account both for the inequalities generated by the distribution of scarce positions of power, and their corresponding goods and advantages. According to this view, advantage and disadvantage should be determined by people's own choices not by luck or lottery. In this sense, one main criticism this view could make to the Rawlsian view on fair competition for positions of advantage is that even after the fulfilment of fair equality of opportunity's conditions, it might render some worse off than others through no fault or choice of their own³⁸⁷. In short, *luck-egalitarian* equality of opportunity includes a measurement of the costs of distinct courses of action of the person at stake to define the fairness of the competition for positions of value.

While the Rawlsian and Scanlonian views focus on establishing the conditions to make the distribution of valuable positions among citizens fair by establishing the *openness condition* to preserve equal political liberties and thus equal citizenship, *luck-egalitarian* views should ensure both an *interpersonal* and *intrapersonal* measure among and within individuals for the course of their lives. The difficulty of establishing an *intrapersonal* measurement of the personal costs for action poses a plausibility challenge to the *luck-egalitarian* account of equality of opportunity³⁸⁸.

Jointly with the *formal* account, the *libertarian* account of equality of opportunity is the less morally demanding account to make the inequalities generated by equality of opportunity's institutions just. According to Arneson, even *formal* equality of opportunity would be rejected by the *libertarian* view. According to the latter account, private property rights may be unjustifiably conditioned by careers open to talents.

achieving the primary good associated with the application of the difference principle to distribution of valuable positions.

³⁸⁷ In short, according to some *luck-egalitarian* views such as the one advocated by Richard Arneson, the conditions established by Rawls for a fair competition do not take into account brute luck elements such as disabilities. For an elaboration of this argument see: Arneson, R., (2018): "Four Conceptions of Equality of Opportunity", pg. 166-172.

³⁸⁸ However, this argument is difficult to pursue. As Arneson points out: "Availability and reasonableness of courses of action associated with an individual both vary by degree, so it is not clear how to measure the extent to which a situation with inequalities across persons comes close to conformity with *luck-egalitarian* equality of opportunity." *Ibid.*, pg. 171.

According to this view, damage to others as violations of their moral rights does not conflict with workers' careers depending on the employee's decision. In this sense, property rights, such as the right of a firm's owner to hire only white people or only females, outweigh formal equality of opportunity.

The next sub-section focuses on the moral objectionability of the unequal outcomes generated by equality of opportunity and why they matter. It argues that trade-related inequalities erode the conditions that make equality of opportunity *not justified but fair*. It discusses how these inequalities affect the established conditions, focusing on *substantive opportunity*. It discusses how, in turn, the conditions for a fair distribution of the positions of power might contribute, broadly, to either widen or close the income gap and, more specifically, affect how individuals fare in a competitive market through equality of economic opportunity both among and within societies. It concludes that unequal opportunity pervasively affects the institutional capacity to provide background conditions for equal treatment among both trading partners and citizens.

To do so, it elaborates on Scanlon's account of equality of opportunity. It argues that since the conditions established by Scanlon are affected by inequalities in general and trade-related inequalities in particular this view better captures the moral objectionability of trade-related inequalities. According to this view, the erosion of the conditions of equality of opportunity may generate further problems of discrimination and stigmatisation to those left behind. For example, income and wealth inequalities may affect a fair process of admission to a valuable position by generating discrimination of some candidates over others on unjustified grounds such as valuing qualifications that can only be obtained through paying very expensive private education³⁸⁹.

³⁸⁹ For an elaboration of a similar argument see: Kolodny, N., (*unpublished*): "Comment on Scanlon Anatomy of Equality of Opportunity" In addition, Kolodny argues that the Scanlonian approach suggest that the relevant inequalities are the ones related to jobs and entrepreneurship, but he makes the case for including not only economic but also non-economic inequalities as relevant inequalities. He mentions inequalities in loans, and government contracts: "(..) there are many other inequalities that call for justification. Scanlon mentions economic inequalities deriving from entrepreneurship—patents and incorporation—and one might include in this category loans and government contracts. But there are also the economic inequalities deriving from more “passive” forms of economic “activity”: such as returns to inherited capital."

c) Equality of opportunity's unequal outcomes: proposals and critics

Trade-related inequalities affect differently citizens of developed countries and citizens of developing countries. Some of the main reasons for this include unfair distribution of labour and unfair distribution of the gains from trade. These inequalities make citizens from developing countries disadvantaged in relation to others when competing in international markets. At this point, relational and distributional views account differently how and from which specific disadvantages individuals in a society should be protected. What is considered as a relevant disadvantage varies highly according to these views. Briefly, on the one hand, according to a possible interpretation of distributive egalitarianism, an egalitarian society should protect, in some cases through compensation, its citizens from disadvantages related with bad brute luck such as deafness, blindness or bad genes³⁹⁰. Failure to provide such protection would mean that citizens of that society are not provided with the necessary means to make the case for equality of opportunity. A possible version of luck-egalitarian equality of opportunity demands to ensure that every citizen's course of action to compete in the international market should not be affected by brute luck, but rather by the aftermath of a decision.

On the other hand, according to a possible interpretation of relational egalitarianism, an egalitarian society should primarily protect its citizens from social disadvantages such as unequal access to equally valuable education and thus, from unequal competition for valuable positions and positions of power. According to this account, the trade regime should be organised so that it does not leave anyone behind. In this line, Rawls establishes the condition of equality of fair opportunity to ensure not only openness to scarce positions but also *substantive opportunity* for those willing to develop their talents and abilities.

In this sense, relational egalitarian views (broadly considered) argue that one main condition that the allocation of positions of power should meet to be just is that it should

³⁹⁰ This idea has been attributed to some non-relational egalitarians such as Richard Arneson in "Luck Egalitarianism and Prioritarianism" *Ethics* 110, (2000); Gerald A. Cohen in "On the Currency of Egalitarian Justice" *Ethics* 99, (1989); and Ronald Dworkin in *Sovereign Virtue*, Cambridge, MA: Harvard University Press, 2000). However, the label of luck-egalitarian may not be accurate to define these three authors. In the case of Arneson, he changed his view to the so-called responsibility-catering prioritarianism, and in the case of Dworkin, he refused to be labeled as luck-egalitarian.

benefit those who have not been awarded valued positions. The main justification for outcome inequalities generated by the distribution of positions of value is that individuals in such positions should maximise the well-being of the worst-off, i.e., individuals in such positions should be chosen to the benefit of the worst-off. Moreover, individuals which have been advantaged by winning the competition for those positions should benefit the society as a whole³⁹¹. It is worth to mention that this condition can be both applied within societies or to the international realm. These requirements of fair equality of opportunity contribute to generate the background conditions to promote equal treatment both among countries and among citizens.

The process of accessing positions of power and valuable positions within societies and at transnational institutions might be problematic for at least two reasons³⁹²:

- (i) Unequal access to education and unequal social backgrounds might render individuals unable to access valuable positions of power.
- (ii) Unequal access to education might be a result of wrongful discrimination and stigmatization in the admission process³⁹³.

³⁹¹ This argument can be found in Rawls: “The rules of background institutions required by the two principles of justice (including the difference principle) are designed to achieve the aims and purposes of fair social cooperation over time. They are essential to preserve background justice, such as the fair value of the political liberties and fair equality of opportunity, as well as to make it likely that economic and social inequalities contribute in an effective way to the general good or, more exactly, to the benefit of the least-advantaged members of society.” In Rawls, J., (2001): *Justice as Fairness: A Restatement*, pg. 52. This idea is summarized and elaborated by Scanlon in the frame of an institutional justification for the distribution of positions of advantage and power. See: Scanlon, T., (2018): *Why Does Inequality Matter?* pg. 55.

³⁹² These reasons are further developed with a focus on international trade, in the subsection on the impact of globalisation on equality of opportunity.

³⁹³ In light of what Scanlon argues in his chapter on *substantive opportunity*, the material conditions defined by inequalities in income and wealth will define the access to careers open to talents as material resources will have an unavoidable impact in advancing the children’s needs. In this line of argument, Scanlon holds that: “Under present conditions, however, inequality does threaten the goal of making outcomes depend on individuals’ talents in the institution-dependent sense rather than on their social circumstances, because the rich can always provide for their children than is available to others. (...) their political influence blocks the provision of sufficiently good public education for all.” *Why Does Inequality Matter?* Pg. 93. In the same vein, Arneson critique to the Rawlsian concept of Fair Equality of Opportunity reads as follows: “if one allowed discriminatory tastes to influence job qualifications, a society might then conceivably satisfy Rawls’s Fair Equality Principle even though it is stratified by race, ethnicity, sex, sexual orientation, and the like.” Richard J Arneson, R. J., (1999): ‘Against Rawlsian Equality of Opportunity’, 93 *Philosophical Studies* 77. pg. 2.

Procedural fairness will ensure that different socioeconomic backgrounds and an unequal access to education might not affect access to positions of power and valuable positions. As noted earlier, even in the case of a fair procedure, inequalities among individuals who enter to positions of power and those who do not, might generate unjustified discrimination, stigmatization, and thus unequal status and standing between advantaged and disadvantaged individuals.

One of the main views addressing these challenges is Scanlon's. Scanlon's view can be labelled as relational egalitarian.³⁹⁴ The next section describes the conditions to make the outcome of a process of equality of opportunity fair, according to the Scanlonian approach. It also explains how unequal opportunities at institutional settings, affect the capacity to provide background conditions for equal treatment among both trading partners and among citizens.

Scanlon's response to unequal economic opportunity

The Scanlonian analysis of the justification of inequalities in the allocation of scarce positions of advantage and valuable positions within and among societies is based on three main replies, described in subsection a), to possible claims of unjust attainment of such positions of power. Equality of opportunity is viewed as part of this response. This subsection focuses on two requirements: *institutional justification* and *substantive opportunity*. The third one, *procedural fairness*, is described in the next subsection.

The first part of the response to inequalities deriving from positions of advantage is the *institutional justification*. This response is focused on establishing the conditions that determine when it is justified to have this type of inequality-generating institutions. One of the main conditions established is that goods and advantages generated at those positions of power should be to the benefit of all. Thus, it might be said that the inequalities generated by the access of some to positions of advantage and power would

³⁹⁴ According to Scanlon: "In contrast to luck-egalitarian views, which take (non-voluntary) inequality to bad wherever it occurs, the objections to inequality that I have listed all presuppose some form of relationship or interaction between the unequal parties." Scanlon, T, (2018): "Why Does Inequality Matters?", pg. 13.

only be justified when it is decided in the interests of those who have not been selected for such positions, i.e., when the worst-off are not left behind.³⁹⁵ Thus, individuals at these positions should be selected based on their abilities, which allow them to generate such benefits from their advantaged positions to maximise the well-being of the worse-off.

The concern with which abilities or talents should individuals at positions of advantage have and how to establish a fair process of admission for such positions, which includes avoiding wrongful discrimination³⁹⁶, are the concerns of the second response to these inequality-generating institutions: procedural fairness. According to Scanlon, the moral focus of this response is placed on the justifiability of these specific inequalities³⁹⁷. To do so, Scanlon develops a claim for procedural fairness as a requirement which logically follows from an institutional justification; what he calls an “institutional account of procedural fairness”³⁹⁸. In brief, procedural fairness addresses the process of selecting citizens to positions of advantage by establishing a standard to determine which inequalities generated by this process are justified. This standard can be settled by multiple factors, however, one of the main aims of this process is to apply a standard to identify those individuals who will advance the institutional purposes best, i.e., the standard will be *institutional-dependent*³⁹⁹.

However, some critics argue that it is unclear which competition Scanlon has in mind when establishing a fair procedure. In this sense, Niko Kolodny distinguishes two types of competition, based on *mere scarcity* (italics from the original) and what he calls a

³⁹⁵ Scanlon argues in this line when he affirms that: “the justifiability of positions to which special advantages are attached depends on benefits that flow if those positions are filled by individuals with abilities of the right kind.” Ibid. pg. 55.

³⁹⁶ According to Scanlon, there are three features which make the failure to provide individuals with the benefits associated with the distribution of positions of value wrong, to wit: procedural unfairness, stigmatization, and failure of equal concern. Ibid, 58.

³⁹⁷ It should be noticed that Scanlon distinguishes between the aim of equality of opportunity as making justified inequalities fair, and the fact that the three-level response to objections to these economic inequalities, to which, according to Scanlon, equality of opportunity is a part, is a justification of such inequalities.

³⁹⁸ Ibid., pg. 56.

³⁹⁹ Idem, and pg. 60.

thresholdless competition⁴⁰⁰. The first type of competition illustrates cases in which a valuable position or good is awarded on the basis that, given there are two candidates, and both have the same qualifications only one of them will be successful.

In this event, according to Scanlon, and as Kolodny notices, equal treatment suggests flipping a coin and let the lottery decide. The second type of competition distinguished by Kolodny illustrates a case in which both candidates are not evaluated considering a threshold but in relative terms. Therefore, the position will be awarded to the candidate with the best qualifications. In this second scenario, the competition is insensitive to the qualification in absolute terms or in relation to a threshold which establishes a criterion. If Kolodny is right, Scanlon should, at least, consider whether it would be necessary to establish different standards to make those different process fair competitions.

The third and last condition, the requirement of *substantive opportunity*, is defended as a complement to procedural fairness. According to Scanlon, the *institutional-dependent standard* of procedural fairness does not give a satisfactory response to cases in which due consideration is not achieved. In this sense, *substantive opportunity* is understood as establishing the conditions determining due consideration for all individuals in a fair competition. The moral basis of the requirement of substantive opportunity is that during the competition for valuable positions, all candidates must be provided with the necessary conditions “to become a good candidate”.⁴⁰¹ These conditions, as well as providing individuals with the conditions to be become good candidates, are part of the background conditions that both international and domestic institutions should generate to promote equal treatment.

According to Scanlon, the requirement of *substantive opportunity* is to comply under the following conditions:

⁴⁰⁰ Italics from the original, see: Kolodny, N., (2018): “Comments on T.M. Scanlon, “Equality of Opportunity: A Normative Anatomy” pg. 3. Unpublished, can be accessed here: <https://www.ocf.berkeley.edu/~ngkolodny/papers.htm>

⁴⁰¹ Ibid, pg. 70. Moreover, Scanlon argues that: “I located the moral basis of the requirement of Substantive Opportunity in the idea that social institutions must be justifiable to all those to whom they apply.” Ibid, pg. 93.

“This requirement is fulfilled if no one has a valid complaint that they were not able to compete for positions of advantage because they did not have sufficient access to conditions of this kind [e.g., education to become a good candidate].”⁴⁰²

Now, to establish which conditions should institutions promoting equal treatment provide individuals to become good candidates for the competition to valuable positions varies a lot among different accounts⁴⁰³.

According to Scanlon, equality of opportunity requires that positions of advantage in a society are open to all. This *openness* requirement is defined by Scanlon in line with Rawls’s requirement that individuals who fulfil the eligibility requirements, i.e., “those who are at the same level of talent and ability and have the same willingness to use them.”⁴⁰⁴ should have “the same prospects of success.”⁴⁰⁵ Finally, Scanlon develops a more demanding interpretation of this requirement. He articulates this interpretation by focusing on two elements: first, on the requirement that people should be provided with options to make *valuable choices* through the competition for valuable positions;⁴⁰⁶ and second, that, to do so, education provided to develop *institution-dependent* skills should be sufficiently good, i.e., equally good.⁴⁰⁷

In summary, Scanlon’s account of equality of opportunity can be characterised as more demanding than the four accounts identified by Arneson. However, as noticed, Scanlon does not consider unequal outcomes of the distribution of powerful positions justified neither by his view nor by any other account. His account establishes the conditions under which inequalities in outcome can be regarded as fair.

⁴⁰² Ibid., pg. 70.

⁴⁰³ To have access to good education is established as a shared point among different views. The different views on equality of opportunity that share this point include Scanlon, Rawls, James Buchanan, and Niko Kolodny, among others. However, some views such as the one defended by Buchanan argue that there are further goods that should be provided such as limiting inheritances, access to credit and capital. These ideas are developed in: Ibid., pg. 71-74. For Buchanan’s works see footnote 63, pg. 74.

⁴⁰⁴ Ibid. pg. 53.

⁴⁰⁵ Rawls, J., (1971): *A Theory of Justice*, pg. 63.

⁴⁰⁶ It is worth to notice that this resembles the luck-egalitarian idea of equality of opportunity seen in the previous point. It refers, however, to the Rawlsian idea that individuals’ economic background, including social class, should not be an obstacle, neither determinant, to reach economic success through a fair competition for positions of power and valuable positions.

⁴⁰⁷ Scanlon, T., (2018): *Why Does Equality Matter?* Pg. 86.

The erosion of equality of opportunity

Equality of opportunity might be understood either/both as an ideal of equal economic chances in the sense of *substantive opportunities*⁴⁰⁸ or/and a *procedural or derivative norm*⁴⁰⁹. The conditions that make the process of equality of opportunity fair, and the institutions providing the background conditions for equal treatment, are pervasively affected by globalisation and international trade. The process of globalisation exerts an effect in equality of opportunity conditions in at least three ways:

- (i) The gains from trade and its distribution have an impact in equality of opportunity and relational goods such as status and standing, authority and power, both within and among societies.
- (ii) Globalisation creates positions of power and valuable positions impacting the distribution of power and political influence both within and among countries.
- (iii) International competition among unequal parties at the trade regime, although not specifically related to the practice of trade, might not comply with the requirements of *substantive opportunity*. Differences in education among developed and developing countries hinder the achievement of what sufficiently good education for all requires.

According to the first impact, an insufficient distribution of the gains from trade may contribute to increase both domestic inequalities in income and wealth and inequalities among countries. Such inequalities have an impact in *procedural fairness* as high levels of inequalities in income and wealth may give some an unacceptable degree of control over the lives of others. *Unfair processes* might, thus, generate unequal relations both at the individual and institutional levels. Another main consequence of the erosion of equality of opportunity's procedural fairness by trade-related inequalities is that it

⁴⁰⁸ This interpretation is advocated by Thomas Scanlon at: Scanlon, T., (2018): *Why Does Equality Matter?* pg. 53.

⁴⁰⁹ This interpretation is favored by Arneson. I will not discuss here whether equality of opportunity has intrinsic value or not since this discussion does not have an impact in my overall argument nor in this section on how globalization and international trade may erode the Scanlonian conditions for fair equality of opportunity.

contributes to the discrimination of eligible candidates for valuable positions⁴¹⁰. In addition, as noticed in the first section, subsection a), *procedural unfairness* in the case of trade institutions becomes especially problematic for both trading parties and the institutions at the trade regime, as this may render the trade regime illegitimate.

According to the second impact, international trade institutions generate new positions of advantage. *Procedural unfairness* in creating and assigning positions of advantage reflects both unequal treatment to either citizens or trading parties and fail to provide the background conditions to promote equal treatment. This, in turn, might as well erode the legitimacy of the trade regime, thus rendering the condition of *institutional justification* particularly difficult to reach. The advantages assigned to some but not to others, due to competition for scarce positions, may come in different forms. For example, positions of power such as political positions may come with the responsibility of policymaking which have a direct and pervasive impact in people's interests. The goods associated with such a position are not merely income-related, but based on further advantages including political influence, social status which condition the requirements demanded for its justification.

The justification for someone possessing these goods, but not others, raises further requirements to justify the assignation process. In this scenario, an important problem regarding the legitimacy of trade institutions is that international institutions never represented appropriately the needs and views of developing countries and are becoming worse rather than better in this respect. As a result, this situation may give developing countries less negotiation and bargaining power thus making the desirable *level playing field* for negotiations at the trade regime more difficult to reach.

Finally, according to the third impact, trade-related inequalities widening the gap between develop and developing countries might have an impact in international competition and the conditions established by *substantive opportunity*. These requirements to justify valuable positions at transnational institutions might not be met

⁴¹⁰ It is worth to notice that, according to Scanlon, stigmatization of race and gender are a distinct problem from discrimination based on talents and abilities. He argues the following: "(...) the stigmatization and exclusion involved in race and gender-based discrimination, for example, involve distinct wrong, independent of procedural unfairness." Scanlon, T., (2018): *Why Does Equality Matter?* pg. 92,93.

for two reasons: first, due to high differences in education possibilities among countries and the acquisition of qualifications, and second, and derivatively, due to differences in income determining access to better education and better chances to develop talents and abilities. In this scenario, a fair competition for positions of advantage would require, for example, to establish a pattern to compare education among countries. In addition, the inequality between skills acquired in developing countries and those acquired in developed countries is getting bigger.

In summary, wealth and income inequalities both within and among countries may generate a highly unequal *distribution of power* among those in positions of power and the rest. Its negative impact in the conditions required by fair equality of opportunity aggregate to the pervasive effects generated by unequal outcomes. In addition, situations of unequal opportunity might be seen as an indicator that something else is wrong. According to Arneson: “Gross deviation from equal opportunity in a society is an indication that something is very likely wrong, not a wrong in itself.”⁴¹¹ Among the various reasons why equality of opportunity matters, one of the most relevant is that inequality of opportunity negatively impacts and erodes basic political liberties such as equality of opportunity for political influence, political power, and political equality. According to Scanlon, equality of opportunity should, help enable every citizen to participate as an equal in society.⁴¹² This situation generates morally objectionable differences in social status and standing within and among societies. In this vein, the following section focuses on why inequalities in opportunities matter for political equality.

⁴¹¹ I will not discuss whether equality of opportunity has intrinsic value, as this claim does not have a pervasive effect in the overall argument, nor of the thesis neither of this chapter. Arneson, R., (2018): "Four Conceptions of Equal Opportunity", pg. F152.

⁴¹² However, it is important to note that inequalities in distributions ruled by the Rawlsian second principle of justice might not be that problematic, according to Rawls: “The consistent application of the principle of fair opportunity requires us to view persons independently from the influences of their social position. But how far should this tendency be carried? (...) The acknowledgement of the difference principle redefines the grounds for social inequalities as conceived in the system of liberal equality; and when the principles of fraternity and redress are allowed their appropriate weight, the natural distribution of assets and the contingencies of social circumstances can more easily be accepted.” In Rawls, J., (1971): *A Theory of Justice*, pp. 511, 512. This passage does not change in the revised edition of 1999, pp. 446, 447. The question remains open as to whether the response by Rawls takes into account the distribution and measures needed to fulfil the substantive opportunity requirement of fair equality of opportunity.

7.2 The impact of (in)equality of opportunity in political equality

Among the other morally objectionable consequences of the increase of income and wealth inequalities due to trade, is a highly unequal and unfair distribution of positions of power and advantage. These inequalities may generate relational egalitarian concerns such as an unacceptable control of some over the lives of others. Unequal outcomes, in this scenario, may negatively impact relational goods including equal political influence. In this vein, this section analyses how unfair unequal opportunity may impact democratic equality. It focuses on how this inequality might in turn have a negative impact in basic political liberties, political equality, and the egalitarian value of democracy. It argues that the impact in democratic equality has been treated by relational views and briefly describes Anderson's account. According to Schemmel, a relational approach to these inequalities is especially valuable as: "The link between status and desirable social positions is arguably stronger, and less contingent, than in the case of inequality of income and wealth."⁴¹³

According to the Andersonian view, a distribution of material goods, as it is derivatively the case in the distribution of valuable positions, will be unjust when it disadvantages some over others in terms of authority, and social status and standing. Anderson's argument resembles that of Scanlon when she argues, in line with Rawls's difference principle, that the result of such distributions, i.e., their outcomes, should be to the benefit of the worse off. In the debate at stake, following Anderson's argument, it can be said that those who were not awarded positions of power should be benefited by those at these valuable positions, i.e., the distribution should be beneficial to everyone.

In addition, the justification of socially allocated goods in this case, depends on whether they are the result of agents at valuable positions acting in accordance with principles of

⁴¹³ Schemmel, C. (2021). *Justice and Egalitarian Relations*, pg: 254. Schemmel discusses relational egalitarian concerns with equality of opportunity and related issues in the following sections of this book: 8.6, 8.3, 3.2, 4.5, 6.3, 6.4, and 7.3.

social equality and equal treatment or not.⁴¹⁴ Anderson's view of democratic egalitarianism states that, to be fair, the distribution of social goods in a society should ensure that participants are enabled to function as democratic equals.⁴¹⁵ This is to say, citizens have the obligation to provide their fellow citizens what is deemed necessary to acquire the social conditions of their freedom, through mechanism including equality of opportunity.⁴¹⁶

The failure to act as democratic equals in a society, in the Andersonian sense, may be due to various features some of which may rise relational egalitarian concerns. In this sense, discrimination or *procedural unfairness*, may contribute to erode citizens' ability to act as democratic equals. Inequality pervasively affects political fairness⁴¹⁷, including the erosion of equal opportunity for political influence, political decision-making, and thus institutional *responsiveness*. Thus, it might be argued that unfair distribution of positions of advantage have a direct negative impact in democratic equality. This is to say, an unfair distribution of positions of advantage gives citizens in such positions an unjustified economic and social advantage over others. This advantage negatively impacts democracy equality: it shapes the democratic discussion, disdain the voices of the poor or less advantaged, and promotes an unjust unequal influence in political decisions⁴¹⁸.

Unfair opportunity generates a situation in which individuals in advantageous positions are, thus, benefited from injustice. In this context, institutions perpetuating high inequalities in income and wealth and political influence, as Rawls affirms, may

⁴¹⁴ Anderson, E., (2010): "The fundamental disagreement between luck-egalitarians and relational egalitarians" pg. 2.

⁴¹⁵ Anderson is aware that there are relational egalitarians who are contractualists and others who are not contractualist. She frames her discussion within contractualists accounts.

⁴¹⁶ Anderson conceives living as an equal in civil society, roughly, as not being oppressed, irrespective of talents and abilities, and having the required treatment as an equal to be socially free. In addition, Anderson puts several examples of what she understands as living as an equal in civil society, one of these examples is that citizens should be able to participate in the productive system. See: Anderson, E., (1999): 'What Is the Point of Equality?', 109 *Ethics* 287, pg. 289, 325.

⁴¹⁷ I follow the Scanlonian frame of the value of political fairness. For his take on how inequality can erode the value of political fairness and political liberty see: Scanlon, T.M., (2018): *Why Does Inequality Matter?*, pg. 97-122.

⁴¹⁸ Idem.

generate political inequality⁴¹⁹. Political inequality includes failing to provide citizens of trading countries, for the case at stake, both with the background conditions for promoting equal treatment and with the social goods to participate as democratic equals in. Political inequality in turn directly affects the legitimacy of political institutions, whether domestic or beyond borders.

Briefly, this second section argues that failure to ensure equality of opportunity, including an unjust distribution of scarce positions of advantage, may contribute to the erosion of democratic equality. It holds that the impact of trade-related inequalities in the distribution of positions of power, i.e., the fact that economic family background conditions economic success, may in turn, affect equal opportunity for political influence. In addition, failure to ensure equality of opportunity and its effect in equal opportunity for political influence may have an effect in institutional responsiveness, standards of official conduct, public deliberation, and other features that contribute to render political liberties and thus political equality valuable for citizens.

To do so, it first, comments on how unequal opportunity impacts political liberties and political equality within trading partners, and their value to citizens conceived as social equals. In addition, it describes the Rawlsian analogy between his notion of fair opportunity and fair equality of opportunity by contrasting it with Scanlon's view of political fairness, and what relational egalitarianism establishes as conditions of political fairness. Second, it discusses the role that equal opportunity for political influence may play in a relational egalitarian society. It briefly compares different notions (*weak* and *strong*) democratic equality and equal citizenship, illustrating one possible interpretation of the value of democratic equality and, more broadly, political equality. Finally, it clarifies what is, for citizens of trading countries, to act as democratic equals in a society and briefly compares three mechanisms that may contribute to it thus diminishing the erosion of democratic equality.

⁴¹⁹ According to Rawls: "When those two kinds of inequalities are large, they tend to support political inequality." Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg. 130.

a) The advantaged, the disadvantaged, and the value of political fairness

The erosion of equality of opportunity mechanisms through, e.g., the internationalisation of some positions of power, as well as the insufficient distribution of the gains from trade, generates different moral as well as political difficulties for disadvantaged citizens, in developed and developing countries, to pursue their plan of life. This situation might, in turn, erode democratic equality. This sub-section focuses on assessing the impact of this type of erosion of political liberty and political equality. Inequalities in social status and standing have pervasive effects in individuals, including the inability to advance their interests or difficulties in participating in the political life and decision-making processes. In addition, citizens with less status or standing may be disadvantaged by having their political rights and goods, mainly democratic equality, violated. In this sense, and as Kolodny suggest, one main aim of democracy is to be an important constituent of a society in which people relate to one another as social equals, not as social superiors and inferiors as in a hierarchical society.⁴²⁰ Thus, it might be said that the value of relating as social equals contributes to the justification of a democratic regime, as far as a democratic regime manages to ensure the value of equality, including citizens acting as social equals⁴²¹.

Social and economic inequalities, broadly speaking, and specifically unequal opportunity, have a pervasive impact in political equality. In the case of equality of opportunity, as mentioned before, the erosion of its conditions for fairness impact not only equal opportunity for political influence but also institutional responsiveness and institutional legitimacy⁴²². The next points analyse the role that political liberty and political equality play in democratic equality, and the impact that their erosion may have in disadvantaged citizens and the corresponding erosion of democratic equality through,

⁴²⁰ Niko Kolodny, N., (2014): 'Rule Over None II: Social Equality and the Justification of Democracy', 42 *Philosophy & Public Affairs*, pg. 287.

⁴²¹ From now on, the concepts of citizens acting as social equals and democratic equals will be used interchangeably.

⁴²² These various ways in which the conditions for equality of opportunity are eroded, make the case to raise egalitarian reasons for concern, according to Rawls: "Insofar as this domination is experienced as a bad thing, as making many peoples' lives less good than they might otherwise be, we are again concerned with the effects of economic and social inequality." Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg. 131.

e.g. unequal opportunity for political influence, among other mechanisms through which citizens may acquire the social conditions of their freedom.

Inequality, political liberty, and political equality

Control over the lives of others is a result of the inequality between those at positions of power, thus advantaged, and those disadvantaged which are neither at positions of power nor at valuable positions and who do not benefit for a flow from those positions. A further result of these inequality is that those at advantaged positions may exert the control over the lives of others through legislation, as the means at their disposal, e.g., wealth, power, and responsibility, may result in political influence and thus political participation that outweighs that of disadvantaged citizens.⁴²³ According to Rawls, the worth of political liberties and political equality to every citizen, i.e., the opportunity to hold public office, and to affect the outcome of elections, must not be affected by their economic or social position.⁴²⁴ Thus, the erosion of the equal opportunity both for participation in the political life and for political influence may diminish the value of equal political liberties.

To measure this impact of unequal positions in citizens' political liberties and political equality, Rawls introduces the concept of *worth* (or usefulness as he mentioned) of political liberties to participate in political life for different citizens.⁴²⁵ However, he goes one step further by arguing that, to maintain political liberty and equality beyond formal conceptions, political liberties should be guaranteed by giving them a "fair value" (quotation marks from the original). A possible interpretation of the Rawlsian concept of fair value is that political liberties should ensure that every citizen should have a fair opportunity to run for office, affect the outcome of elections, and in the

⁴²³ On this point, Rawls argues in favour of a more ambitious interpretation of political liberties and political equality, specifically with regard to how social and economic inequalities may have an impact in the value of political liberty and political equality, to wit: "Many have argued, particularly radical democrats and socialists, that while it may appear that citizens are effectively equal, the social and economic inequalities likely to arise if the basic structure includes the basic liberties and fair equality of opportunity are too large. Those with greater responsibility and wealth can control the course of legislation." Rawls, J., (1993): *Political Liberalism*, pg. 325.

⁴²⁴ Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg. 149.

⁴²⁵ The definition and analysis of the value of political liberties can be found in Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg. 148 – 152, and Rawls, J., (1993): *Political Liberalism*, pg. 324 – 331.

overall, influence political life. In addition, the fair value of equal political liberties contributes to ensure that the economic and social background of citizens makes no difference for their equal worth or usefulness to every citizen.

Rawls briefly establishes concrete conditions for equal opportunity for political influence, or as he calls them, reforms, as political mechanisms contributing to compensate the erosion of equal political liberties by inequalities in positions of power. Some of the mechanisms proposed by Rawls include public funding of elections or restriction in campaign funding, public media, and the like. In case these conditions are not met, and the distribution poses a problematic type of hierarchy, this hierarchy might undermine equal opportunity for political influence, thus threatening the possibility of citizens to act as democratic equals.

An enlightened definition of equal opportunity for political influence is developed by Kolodny as follows: “ongoing freedom (both formal and informal) to exit relations of inequality.”⁴²⁶ In this sense, a fair account of equal opportunity for political influence should, even in a *weak* interpretation, contribute to ensure the Scanlonian conditions to make equality of opportunity fair. These mechanisms are needed by citizens to be considered as equals and to enable them to act as democratic equals, this is to say, to have the same chance to advance their interests and pursue their preferred way of life, whether they ultimately exert an equal influence or not.

According to Kolodny, some forms of inequality in decision making may be more efficient in terms of outcomes and procedures and even some inequalities in decision making may be seen as valuable in themselves.⁴²⁷ In brief, the role that mechanisms to prevent the erosion of equal political liberties, especially in the case of equal opportunity for political influence play, is not subsumed to a certain outcome, but to enable citizens to participate as equals. This interpretation coincides with a relational egalitarian approach concerned with providing the background conditions for equal

⁴²⁶ Niko Kolodny, N., (2014): ‘Rule Over None: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs* 287, pg. 304.

⁴²⁷ *Ibid.*, pg. 304.

treatment, including political influence, according to which the moral weight of unequal outcomes depends on their impact in political equality.

*Equality of opportunity and equal opportunity for political influence:
revisited a parallelism*

According to a possible interpretation of the Rawlsian account of the *fair value of political liberties*, equal opportunity for political influence acts as a requirement. It can be said that the fair value of political liberties conditions democratic equality.⁴²⁸ In this sense, Rawls establishes an analogy, or as he calls it a *parallelism*, between the idea of fair value of political liberties (including fair opportunity to hold public office and influence in the outcome of elections) and fair equality of economic opportunity.

Rawls understands that a fair value of political liberties includes, regardless of citizens' economic and social position, that all citizens should be sufficiently equal in accessing public office (or have an equal opportunity to run for public office) and influence political elections. This idea resembles fair equality of opportunity for positions of power. In this sense, he argues that the *fair value* assigned to equal political liberties, *parallels*, in some way, that of equality of opportunity. Specifically, he states the following: "This notion of fair opportunity parallels that of fair equality of opportunity in the second principle of justice."⁴²⁹ However, Scanlon argues that this analogy is imperfect.

⁴²⁸ To clarify, it is worth to remember that, as mentioned previously, Rawls establishes equal citizenship as the condition that ensures equal political liberties. Equal citizenship is at the core of political liberties which in turn are a necessary condition for political equality.

⁴²⁹ Ibid., pg. 327. This same statement is almost identically paraphrased in a later work: Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg.149. One critic to which Rawls is aware in regard to his definition of fair equality of opportunity and the role that his concept and that of equal opportunity for political influence play in his *Theory of Justice*, is that in the 1971's book, equality of opportunity played a role which only foreseen a formal version of equality of opportunity. However, Rawls is aware of this as he writes: "It is impossible in practice to secure equal chances of achievement and culture for those similarly endowed, and therefore we may want to adopt a principle which recognizes this fact and also mitigates the arbitrary effects of the natural lottery itself. That the liberal conception fails to do this encourages one to look for another interpretation of the two principles of justice." In Rawls, J., (1971): *A Theory of Justice*, pg. 74.

According to Scanlon, the parallelism suggested by Rawls among the fair value of political liberties and fair equality of opportunity fails to distinguish between two types of requirements identified by his anatomy of equality of opportunity, to wit: *procedural* and *substantive* requirements. In this sense, political fairness, including political liberties, requires, as Rawls mentioned paraphrasing John Stuart Mill, “(educated) intelligence, property, and the power of combination”⁴³⁰. However, Rawls does not make this statement clear in his definition of the *fair value* of equal political liberties. The critic of Scanlon holds that since differences in influence (political influence) are due to education rather than economic inequalities, the *fair value* of equal political liberties should require *substantive opportunity*, in addition to *procedural fairness*, to properly guarantee the worth of political liberties to all citizens.⁴³¹

This requirement, *parallel* to substantive opportunity, has been characterised by Scanlon as the needed background conditions for political influence and for the justification and fairness of positions of political influence. In brief, those positions of influence should be justified as far as they operate against a background which provides citizens with what is necessary to participate in those institutions. At this point it is worth to add what Kolodny states about equal citizenship and political participation and influence. According to Kolodny, democratic equality and equality of influence play the relevant role of protecting citizens from the badness of hierarchy. In this sense, he argues that equality of opportunity to political influence will diminish the danger that hierarchy poses to social equality as it will work as a *standpoint of equality*⁴³².

In addition to the requirements imposed on institutions and institutional officials by equal opportunity for political influence, Scanlon also focuses on how equal political liberties can be used by citizens to advance their interests. It is worth noticing that according to his view, fairness will not require that each and every citizen exerts the same influence and advances their interests equally. What equal political fairness do is

⁴³⁰ Rawls, J., (2001): *Justice as Fairness: a Restatement*, pg. 131.

⁴³¹ In particular, he argues the following: “By contrast, cases in which inequality interferes with political fairness because the rich have greater opportunity to influence elections, are analogous to violations of what I call substantive opportunity.” Scanlon, T.M., (2018): *Why Does Inequality Matter?*, pg. 111.

⁴³² See: Niko Kolodny, N., (2014): ‘Rule Over None II: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs*, pg.306.

to enable them to use their political powers in the best way possible to advance their interests by giving them the means to ask for equal treatment. As Scanlon notices, this particular role of political fairness as citizens securing their interests through holding institutions accountable, *differs* from the Rawlsian requirements established for a fair impact of economic inequalities among citizens through equality of (economic) opportunity⁴³³.

b) Political influence and the egalitarian value of democracy

Kolodny argues, in line with Rawls and G. A. Cohen, that the idea of the priority of basic liberties over overall economic concerns implies providing citizens with the “common status of equal citizenship”.⁴³⁴ To do so, equal opportunity for political influence is highly relevant. This is so since, the mere equal possibility of influencing political decisions (whether *de facto* with equal influence or not) ensures that regardless of whether there are inequalities due to both political and non-political decisions, they will be made “from a standpoint of equality”⁴³⁵ provided by mechanisms such as equal opportunity for political influence.

Anderson account of democratic equality favours the goal of a society of citizens with equal social status and argues in the same line when she says that: “In a democratic society, elites must be so constituted that they will fill effectively serve all sectors of society, not just themselves.”⁴³⁶ This requirement makes the case for a basis of equality in background conditions and, in addition, may be accommodated to different ideas of the broader question of what we owe to each other. Anderson focuses on democratic

⁴³³ Scanlon, T.M., (2018): *Why Does Inequality Matter?*, pg. 113, footnote 104. Briefly, Scanlon perceives as eroded political influence by economic inequality the following cases: when the need to understand political questions is not satisfied, the value of the right to vote depends on the access to information, and learning what others think and be able to discuss with them. In sum, he argues that inequalities are transformed in different types of power, in the case of political influence, in political power.

⁴³⁴ Rawls, J. (1971): *A Theory of Justice*, pg: 175.

⁴³⁵ To finish this argument Kolodny argues the following: “The common status as “equal citizens” that equal basic liberties provide makes the other inequalities, not simply in income and wealth, but also in positions of authority and responsibility, more tolerable than they would otherwise be.” See: Niko Kolodny, N., (2014): ‘Rule Over None II: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs*, pg.306.

⁴³⁶ Anderson, E., (2007): ‘Fair Opportunity in Education: A Democratic Equality Perspective’, 117 *Ethics*. pg, 596.

egalitarian demands as the main mechanism to establish what citizens should be provided to relate among them as social equals. In her view, democratic demands to make equality of opportunity just, focus on the *responsiveness* that individuals in these positions must have towards other equal citizens, in answering to their interests and concerns. She defines *responsiveness* as a fourfold concept:

- (i) Awareness of needs, interests, and concerns of all sectors
- (ii) A disposition to serve and effective service to citizens
- (iii) Technical knowledge
- (iv) Respectful interaction with citizens from all sectors.⁴³⁷

This requirement of *responsiveness* resembles that of *openness* to make inequalities due to the distribution of positions of power fair. One main difference among *responsiveness* and the conditions of equality of opportunity is that, while the latter establishes requirements so that background economic inequalities do not condition citizens' economic success; the former focuses on what a democratic society demands from elites so that citizens are enabled to have a "common status as equal citizenship."

Anderson's response can be characterized as ambitious, as it establishes further conditions of democratic equality, for providing all citizens with a common status for equal citizenship. This section examines both *ambitious* and *less ambitious* accounts of what mechanisms would best provide citizens with what they need to acquire the social conditions of their freedom, to pursue their plan of life, and act as democratic equals against a background of equality. Finally, it mentions the impact of the different notions of democratic equality and equal citizenship in citizens' abilities to act as democratic equals.

Democratic egalitarianism and equal citizenship

Section one argued that trade-related inequalities such as unequal bargaining power, unequal terms of negotiation, and an insufficient distribution of the gains from trade, had pervasive consequences in the process of equality of opportunity at the institutions

⁴³⁷ Idem.

of the trade regime, whether countries or transnational institutions. Unequal opportunity generates, in turn, situations of domination, control, and oppression among trading partners and among citizens alike. This context exerts a pervasive effect in political equality in general, and equality of political influence in particular among countries trading and their citizens. This subsection focuses then on describing different interpretations of democratic equality and equal citizenship. What constitutes democratic equality or social equality? What should be the role of equal opportunity for political influence in a society that aims at enabling its citizens to pursue their preferred plan of life? This question may be addressed by clarifying what democratic equality entails in terms of rights and goods provided to citizens as democratic equals. This is a complex question which has a variety of answers.

One possible interpretation of democratic equality is *formal democratic equality*. According to this account, democratic equality is frequently understood as the argument which supports that all citizens are entitled to formal equality, this is to say, they are equal in legal terms. In addition, the status as citizen, according to democratic equality, entails that all citizens are entitled to the same rights. This interpretation, the departure point of Rainer Bauböck's account of equal citizenship, may be categorised as *weak democratic equality*. On the other hand, alternative views, such as the one, Elisabeth Anderson and Niko Kolodny, present a more *ambitious* account of equal citizens and, thus, of democratic equality.

In the case of Bauböck, and as some critics notice, he is mainly concerned about fundamental rights. In this line, he affirms that the “duty to equal protection for all” is one fundamental characteristic of the status of citizenship and a claim inspired by the Dworkinian argument that coercive institutions must treat those governed with equal concern and respect, thereby securing their main rights and freedoms.⁴³⁸ However, Bauböck also distinguishes between citizenship status and its corresponding rights and equal protection.

⁴³⁸ Bauböck, (2018): *Democratic Inclusion Rainer Bauböck in Dialogue*, p 28.

In his analysis of stakeholder citizenship⁴³⁹ within the discussion of democratic inclusion, Bauböck establishes a distinction between the *intrinsic* value of political participation and of membership in a democratic society. He states that political participation in a self-governed democracy has no *intrinsic* value as this may be exclusive as far as citizens can be seen as in “lack of civic virtue”. However, membership is *intrinsically* valuable, as a citizen’s interests in being part of the political community is “fundamentally inclusive” and compatible with different forms of life.⁴⁴⁰ The main aim of Bauböck in this passage, is to clarify that citizens have high stakes in being members of a community, even more than in (some forms of) political participation. This is so because not to be recognized as a member of a political community, as an equal citizen, leaves individuals in “a condition of extreme precariousness.”⁴⁴¹ This position establishes the basic argument for the relevance of equal citizenship.

One main criticism to the *formal* interpretation of democratic equality is that it does not address cases previously mentioned in which background inequalities have a pervasive impact in citizens pursue of their plans of life. An account of democratic equality requires a background of equality to be fair, i.e., to provide citizens what they need to acquire the social conditions of their freedom. One illustrative example of this is in Lippert-Rasmussen discussion of the *deliberative constraint*⁴⁴². The egalitarian deliberative constraint, as described in Chapter Six, section two c), is a term coined by Scheffler to illustrate a possible ideal of egalitarian relations. Broadly, he establishes that a relation, to be an egalitarian one, should fulfil the deliberative constraint.

This constraint argues that whenever one part of a relationship aims at treating the interests of another part just as strongly as its own, the interests of this second part should be “playing just a significant a role as mine in constraining our decision and

⁴³⁹ In the debate on democratic inclusion, i.e., on who should be considered as part of the demos, there are currently in the literature three main options, to wit: including affected interests, including the subjects of coercion, and including citizenship stakeholders. The latter argues in favour of including citizenships who have a stake in *membership* (italics from the original). Bauböck, (2018): *Democratic Inclusion Rainer Bauböck in Dialogue*, p. 41.

⁴⁴⁰ Idem.

⁴⁴¹ Ibid., pg. 40.

⁴⁴² This discussion has been briefly applied at the specific case of bargaining power and terms of negotiation at the end of Chapter 6.

influencing what we will do.”⁴⁴³ The deliberative constraint establishes that parties at an egalitarian relation should have a concrete *disposition*, jointly with values of *reciprocity* and *mutual respect*. At this point, Lippert-Rasmussen asks whether the deliberative constraint will do its work even in a situation when both parties have the required *disposition*, but one of them already has the necessary *means*, i.e., “better opportunities than other of having their interests promoted.”⁴⁴⁴

Thus, the deliberative constrain may contribute to hold people in positions of power accountable as far as different interests should be considering with equal concern. However, it might be argued that it fails in situations of background inequality in which, most importantly, other mechanisms, e.g., equal opportunity for political influence, are sensitive to.

Another strategy to face the question on what are the requirements to provide citizens with the social conditions for their freedom is to distinguish among different levels of non-advantaged individuals, this is to say, individuals outside positions of power and valuable positions in the society. One of the main distinctions is between non-vulnerable and vulnerable citizens. Vulnerable citizens include migrants, women, children, disabled people, poor people, marginalized people, ethnic minorities, etc. This distinction enables us to ask whether the fact that some are in advantaged positions and others in vulnerable situations, such as migrants, thus having their political rights not fully secured raises moral objectionability concerns with this inequality.

This is to say, the justification for the attainment of valuable positions and positions of power by some but not by others require establishing further conditions for justifying the inequality between those in advanced positions and those who pertain to vulnerable groups such as migrants. According to Anderson and Kolodny’s account of democratic equality, social equality or democratic equality argue against relations of hierarchy and asymmetries in power, status, standing, and authority by addressing the inequality between those at power positions and those outside them. In this case, institutions

⁴⁴³ Scheffler, S., (2015): “The Practice of Equality”, pg. 25, in Fourie, C., Schuppert, F., and Wallimann-Helmer, I., (eds.): *Social Equality: On What It Means to be Equals*

⁴⁴⁴ Lippert-rasmussen, K., (2018): ‘*(Luck and Relational) Egalitarians of the World, Unite!*’, footnote 21.

promoting the conditions of background equality to promote equal treatment play a key role to make inequalities among positions fair and thus provide citizens with what they need to acquire the social conditions for their freedom.

As noticed, Kolodny⁴⁴⁵ and Anderson represent a *stronger* version of equal citizenship and democratic equality. According to Kolodny:

“The justification of democracy rests instead on the fact that democracy is a particularly important constituent of a society in which people are related to one another as social equals, as opposed to social inferiors or superiors.”⁴⁴⁶

In this sense, democratic equality is seen as making the case to avoid one of the mentioned reasons to be concerned with the erosion of equality of opportunity conditions, which is to exert control by the advantaged over the lives of the disadvantaged.

According to this account of democratic equality, to prevent citizens to have equal opportunity to influence political decision making, especially to those decisions they are subjected to, negatively impact equal citizenship. This impact is generated by citizens’ lack of opportunity to exit relations of inequality in power, standing, or status, whether they decide to exercise such opportunity or not. In addition, according to Kolodny, “relations of social equality are partly constituted by his account of equal opportunity for political influence.”⁴⁴⁷

Anderson argues in line with this interpretation of democratic equality. According to Anderson, the main aim of democratic equality is to end oppression, not to eliminate the

⁴⁴⁵ Kolodny’s definition of relating as social equals is the following: “Insofar as we are to have ongoing relations with other moral equals, we have reason to relate to them as social equals – that is, in a way that deliberately avoids whatever asymmetries in power, authority, and consideration would constitute relations of social superiority and inferiority motivated by a concern to avoid these relations as such” Niko Kolodny, N., (2014): ‘Rule Over None: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs*, pg. 300.

⁴⁴⁶ Niko Kolodny, N., (2014): ‘Rule Over None: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs*, pg.287.

⁴⁴⁷ Niko Kolodny, N., (2014): ‘Rule Over None: Social Equality and the Justification of Democracy’, 42 *Philosophy & Public Affairs*, pg. 315.

outcome of brute luck. For Anderson, the aim of democratic equality (which she identifies with social equality, understood as the avoidance of relations of hierarchy when they disadvantage people) is not to reach an agreement on what citizens owe to each other, but to generate the conditions in which people are treated equally. These conditions enable, citizens to enjoy equal status, standing, and authority as their fellow citizens.⁴⁴⁸ In sum, according to this account, democratic equality provides the social conditions for equal citizenship.

Finally, as it was mentioned at the beginning of this section, the erosion of the conditions that make equality of opportunity fair has a pervasive impact in political institutions. They jeopardise both how they work and their main aims. This is especially harmful in the case of institutions at the trading regime, both in terms of institutional legitimacy and harm to citizens. Economic inequalities, as well as inequalities in positions of power fail to provide citizens with the opportunity to act as democratic equals in a society. Relevant inequalities in this sense would be those that erode the egalitarian value of democracy. One main effect of this impact is the erosion of the legitimacy of these institutions, which, in turn, condition their citizens capacities to act as democratic equals. Broadly, to act as democratic equals means that individuals would be able to advance their interests and what is more, to have their political rights and liberties protected. According to Anderson, the distribution of social goods in a society should ensure that participants in the distribution are enabled to participate as democratic equals.

To do so, this section has described three different proposals: equal opportunity for political influence, institutional responsiveness, and the deliberative constraint. It has concluded that the deliberative constraint cannot be a sufficient condition for enabling citizens to act as democratic equals. Equal opportunity for political influence seems to be a better option as it is a mechanism sensitive to background inequalities and thus better suited to first, avoid unequal bargaining among trading parties, second, improve the trade regime legitimacy, and third, comply with the relational condition of providing

⁴⁴⁸ Anderson, E., (1999): "What is the Point of Equality?", pg. 288, 289.

citizens the background conditions to relate as equals and participate as equals in public life.

Conclusion

As stated in the introduction, this last chapter finishes the third part of the dissertation. After Chapter Six, which discussed the two most prominent views on trade justice, and focused on morally objectionable inequalities in bargaining power and the terms of fair negotiation, Chapter Seven aimed at examining the impact of trade-related inequalities in political equality both between countries at the trade regime and among citizens. It argues that the moral objectionability of international trade and, specially, trade-related inequalities, are better captured by views of relational equality which are sensitive to the impact of trade beyond insufficient distribution of the gains from trade. It argued that relational egalitarian concerns enable the trade regime to identify and account for inequalities in status, standing, and authority. It advocated a relational egalitarian view that evaluates the impact of trade-related inequalities in equality of opportunity and, in turn, the effect of the erosion of equality of opportunity in the capacity of institutions to maintain the conditions of democratic liberty and equality. It argues that trade impacts trading countries' citizens by eroding the ability of domestic institutions to provide their citizens with the background conditions to act as democratic equals. It holds that trade-related inequalities may erode the conditions that make equality of opportunity fair, thus having an impact in democratic equality.

Section One, focused on the impact that trade-related inequalities have in equality of opportunity at transnational and domestic institutions. It describes the impact of globalisation and international trade in equality of opportunity and examines four interpretations of the term. It describes the Scanlonian approach to make equality of opportunity fair establishing three main requirements. It concludes that both distributions, such as gains from trade, and relational concerns, such as inequalities in social status and standing, impact equality of opportunity. It notices that relational

concerns are less contingent and might generate a pervasive impact in democratic equality. This is the topic of the second section.

Section Two examines how equality of opportunity has an impact in the egalitarian value of democracy. It argues that unequal opportunity negatively impacts political liberties and political equality within trading countries' societies. It establishes a parallel between equality of opportunity and equality for political influence and argues that unequal political influence erodes political equality and have at least two pervasive impacts:

- (i) At the institutional level, reducing the legitimacy of the institutions of the trade regime.
- (ii) At the domestic level, eroding the ability of citizens of trading countries to act as democratic equals. It briefly compares weak and strong notions of democratic equality.

Finally, it argued that according to this possible interpretation of relational egalitarianism in trade, there should be some institutional mechanisms according to which citizens of trading countries are provided with the conditions to act as democratic equals against a background of equality.

CONCLUSION

According to the brilliant North American philosopher Iris Marion Young in her book *Philosophy and the Politics of Difference*:

“The values comprised in the good life can be reduced to two very general ones: (1) developing and exercising one’s capacities and expressing one’s experience (cf. Gould 1988, chap 2; Galston, pp. 61-69) and (2) participating in determining one’s action and the conditions of one’s actions (cf. Young). These are universal values, in the sense that they assume the equal moral worth of persons, and thus justice requires their promotion for everyone. To these two general values correspond two social conditions that define injustice: oppression, the institutional constraint on self-development, and domination, the institutional constraint on self-determination.”⁴⁴⁹

The overall aim of this dissertation has been to enable the discussion on trade justice to identify concerns beyond inequalities in income and wealth and focus on the impact of international trade and trade-related inequalities in concerns with unequal bargaining power and the erosion of political equality or political influence. These concerns might be subsumed under what have been called a relational egalitarian account. The concepts of oppression and domination as described by Marion Young, shed light to what we might find morally objectionable about concerns with relations both between citizens and institutions (in the case of Marion Young) and between citizens themselves. With these concepts in mind, this dissertation aimed at opening the door for a relational approach to trade justice that situates concerns with equality including democratic equality, oppression, equality of opportunity, domination, social status and standing, political influence, etc., at the centre of the analysis of the morally objectionableness of trade-related inequalities.

This incipient approach has been organised in three different parts. Part one aims at accounting for a more technical description of international trade and economic

⁴⁴⁹ Marion Young, I., (1990). *Justice and the Politics of Difference*, pg. 37.

integration, as well as the trade regime from an empirical and economic perspectives. Part two of the dissertation aims at making the case for a normative treatment of the subject of international trade as more appropriate to respond to concerns with the impact of international trade, the various impacts of trade-related inequalities in distributional terms but also in egalitarian terms beyond distributions, such as concerns with the erosion of democratic equality. Finally, part three of the dissertation focuses on developing an argument according to which, a more ambitious interpretation of relational equality, institutions trading, whether international or trading partners, should provide the background conditions to promote equal treatment both among trading partners and within countries.

During this analysis, some key conclusions and lessons learned have raised. According to part one of the dissertation, trade might generate social, political, and economic challenges due to the pervasive impact in lives of individuals and in state's ability to take decisions of primary importance to their subjects. However, although participation in international trade may contribute to social and political progress, when there are highly vulnerable parties trading in very unequal settings, this practice might also contribute to perpetuate inequalities among trading parties, mainly countries. In cases alike, domestic institutions might not suffice to protect citizens' interests, which creates a duty both to cooperate and to build sufficiently protective institutions. Finally, this first part finishes with the argument that to mitigate the impact of international trade democratic mechanisms are of utmost importance.

Part two of the dissertation centres its arguments, lessons learned, and conclusions in the normative approach to what is morally objectionable with trade related inequalities and specifically on two different but at some point, supplementary responses: distributional and relational egalitarian approaches. According to this part, a socio-political analysis of trade justice will face two main methodological challenges: first, whether the subject of concern gives rise to its own principles of justice, and second, whether those principles should be applied jointly with other concerns, in an integrative way, or they are better dealt with as separate matters, applying principles in isolation. International trade is an extremely complex phenomenon which interacts, conditions,

and is conditioned by further global challenges. One of the most obvious challenges is climate change, the climate emergency. It argues that there are at least three variations within relational equality and that they can be distinguished in light of the role played by distributive concerns within relational views. The variation that I favour argues that distributions, and most importantly the outcomes of distributions when they are unequal, highly determine relational equality and thus, in the case at stake, the background conditions that institutions should provide to promote equal treatment among citizens and countries. Therefore, it is argued that distributive and relational inequalities should be tackled together to fulfil what justice requires in the context of international trade and the trade regime.

Finally, part three of the dissertation focuses first on a relational interpretation of two prominent authors within the literature on trade justice: Mathias Risse and Aaron James, and it develops the main argument of the dissertation in the last chapter, Chapter Seven. This third and final part argues that, as commented in part two, egalitarian outcomes are not sufficient for justice and concerns with procedural justice such as concerns with equality of opportunity should be considered. Finally, this last part argues that the moral objectionability of trade-related inequalities is better captured by a relational approach able to consider concerns with democratic equality, differences in bargaining power, the erosion of equality of opportunity and its impact, and differences in social status and standing. It holds that the erosion of equality of opportunity both for valuable positions and bargaining power at the trade regime and within countries erodes the legitimacy of the trade regime and the capacity of institutions to maintain the conditions of democratic liberty and equality.

This dissertation aims to be only the first step towards a more complex analysis of the political effects of international trade and its erosion of equality and its consequences. In a positive note, if this step has been minimally successful, there is a long path ahead as much remains to be done.

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