

# Trade Justice and the Least-Developed Countries\*

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## I. INTRODUCTION

**I**N this article, we argue that least-developed countries (LDCs) should be treated as a distinct group from developing countries within theories of international justice generally, and theories of trade justice more specifically. While authors within the trade justice literature occasionally make passing reference to LDCs' entitlement to special favourable treatment from other states, they say little about what form this treatment should take, and how such entitlements relate to the obligations and entitlements of their trade partners, both developed and developing. This oversight is untenable because it overlooks the significantly different needs that LDCs have compared to developing countries with respect to the economic opportunities afforded by international markets. Moreover, by grouping states into the binary categories of developed and developing (or rich and poor), trade justice theorists have ended up obscuring and passing over a fundamental conflict between least-developed and developing countries' interests, the weighing of which should be central to any complete normative evaluation of the trade regime.

The article proceeds as follows. In Section II, we introduce the category of least-developed countries, a category which is recognized as a basis for differential treatment of states within the global trade regime and the international order more broadly, but which is typically subsumed by political philosophers into the larger category of 'developing countries'. We relate this neglect of the distinctive features and needs of LDCs to two broader shortcomings which characterize much of the philosophical literature on trade justice, shortcomings which we seek to overcome in our subsequent discussion of LDCs' trade-based entitlements. In Section III, we argue that developed countries, as well as some of the wealthier and larger developing countries, have a duty to help remedy the extreme

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immiseration characteristic of life within LDCs by actively diverting trade flows towards LDCs. We suggest that they ought to do so by committing to ensuring that a certain minimum percentage of their imports come from LDCs. We label this proposal the ‘LDC quota’. In Section IV we note that wide adoption of an LDC quota would foreseeably harm some developing countries, some of which are themselves very badly off. Nevertheless, we argue that in the absence of better alternatives this does not undermine the basic case for diverting trade towards LDCs. We then raise and refute several objections that affected developing countries may have to the LDC quota. All told, this article presents both a novel conceptualization of the problems of trade justice, and a promising proposal for how states ought to act upon their duties to LDCs.

## II. TRADE JUSTICE AND LEAST-DEVELOPED COUNTRIES

In the last decade or so, philosophers writing on international justice have increasingly shifted their focus away from big-picture debates about the international order as a whole towards normative analysis of specific subsystems within the international order. Few subsystems have received as much attention as the international trade regime.<sup>1</sup> While some of this work has focused on the duties of agents at what we might call the ‘transactional’ level of trade, where producers and consumers exchange on the market, in this article we will restrict our focus to normative questions concerning the ‘governmental’ level, where states author and enforce the rules that shape the international terms of trade.<sup>2</sup>

Reflecting broader trends in the international justice literature, this recent work on trade justice has generally been informed by some understanding not only of the relevant economic literature, but also of the workings of the political institutions of the trade regime. Given the empirically informed character of such work, it is surprising to note the relative dearth of normative analysis by philosophers of the special challenges facing the LDCs in relation to trade and international justice more broadly. The UN defines LDCs as ‘low-income countries suffering from the most severe structural impediments to sustainable development’,<sup>3</sup> and recognizes 46 countries as such, based on their low gross

<sup>1</sup>See e.g. C. Barry and S. Reddy, *International Trade and Labour Standards* (New York: Columbia University Press, 2008); J. Christensen, *Trade Justice* (Oxford: Oxford University Press, 2017); A. James, *Fairness in Practice: A Social Contract for a Global Economy* (Oxford: Oxford University Press, 2012); M. Risse and G. Wollner, *On Trade Justice: A Philosophical Plea for a New Global Deal* (Oxford: Oxford University Press, 2019); F. R. Tesón, ‘Why free trade is required by justice’, *Social Philosophy and Policy*, 29 (2012), 126–53; A. Walton, ‘Trade justice: an argument for integrationist, not internal, principles’, *Journal of Political Philosophy*, 28 (2020), 51–72.

<sup>2</sup>Below we will often talk about states ‘trading’ with one another; this should be taken as a shorthand for states’ setting the terms for trade between their respective consumers and producers.

<sup>3</sup>UN/DESA, *Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures*, 3rd edn (United Nations/Department of Social and Economic Affairs, 2018), p. 8.

national income per capita (below US\$1,018), low ‘human assets’ (nutrition, education, and health stages), and high economic vulnerability.<sup>4</sup>

Currently over 13 per cent of the world’s population live in an LDC, most of which are in Sub-Saharan Africa, yet LDCs account for barely 1 per cent of world GDP, around 1 per cent of world trade—and close to 40 per cent of the world’s population living on less than US\$1.90 per day. (The reason LDCs do not represent an even higher percentage is that tens of millions of people in extreme poverty live in large developing countries such as Nigeria and India. Countries with a population greater than 75 million are not categorized as LDCs even if they meet the criteria listed, on the grounds that larger countries’ abilities to generate domestic economies of scale allow them to better overcome the development constraints faced by their smaller counterparts; see Section III.)<sup>5</sup>

All of the countries which score lowest on the Multidimensional Poverty Index (MPI), and on the Human Development Index (HDI), are LDCs; put simply, poverty is more widespread, more intense, and more multidimensional in these countries than in developing or developed countries.<sup>6</sup> Because of this, LDCs are already given special assistance and entitlements within the trade regime, as well as within global governance institutions more broadly.<sup>7</sup> They also have a history of acting in concert with one another in order to pursue their shared interests; the LDC group, for example, is among the most durable and active coalitions within the World Trade Organisation (WTO).<sup>8</sup> While LDCs are all, by definition, characterized by a similar mix of poverty, low human development, and economic and political vulnerability, which leads them to share a similar set of interests and structural handicaps, it is worth noting that there is an inequality of prospects even within this group: by and large, Pacific Island and Asian LDCs are much closer to graduating from LDC status than African LDCs, meaning that in the near future LDC status is set to become an overwhelmingly African phenomenon.

Despite their coordinated activity within the WTO, as well as the urgency of their needs and interests, there are, as far as we are aware, no philosophical articles on what is owed specifically to LDCs in trade (as opposed to, say,

<sup>4</sup>UNCTAD, *Least Developed Countries Report 2019: 9: The Present and Future of External Development Finance: Old Dependence, New Challenges* (United Nations Conference on Trade and Development, 2019). Countries must also accept the designation. Zimbabwe, for example, does not, even though it would meet each of the three criteria.

<sup>5</sup>Although, once a state is already categorized as an LDC, passing this population threshold is not sufficient to be reclassified as a developing country.

<sup>6</sup>UNDP, *Human Development Report 2019: Beyond Income, Beyond Averages, Beyond Today: Inequalities in Human Development in the 21st Century* (United Nations Development Program, 2019); S. Alkire and G. R. Aguilar, ‘Least developed countries and the multidimensional poverty index (MPI)’ (Oxford Poverty and Human Development Initiative, 2012), <<https://www.ophi.org.uk/wp-content/uploads/MPI-in-Least-Developed-Countries.pdf>>.

<sup>7</sup>For an overview, see UN/DESA, *Handbook on the Least Developed Country Category*.

<sup>8</sup>See e.g. S. Priyadarshi and T. Rahman, ‘Least-developed countries in the WTO: growing voice’, A. Narlikar, M. Dauntton, and R. M. Stern (eds), *The Oxford Handbook on the World Trade Organization* (Oxford: Oxford University Press, 2012), pp. 275–300.

badly-off countries more generally).<sup>9</sup> Nor is this matter given any substantive treatment in any of the major works on trade justice. When LDCs are acknowledged as a distinctive subset of states, their claims are relegated to the periphery of the analysis of states' duties and claims. To give some indication of this relative neglect of LDCs, take the two most comprehensive works on trade justice produced in recent years, Aaron James's *Fairness in Practice*, and Mathias Risse and Gabriel Wollner's *On Trade Justice*. In each of these works, 'least-developed countries' are mentioned less than ten times; even fewer of these involve substantive points pertaining to LDCs' justice claims. By contrast, 'developing countries' are mentioned well over one hundred times in each work (in James's case, almost two hundred times).<sup>10</sup>

There is, of course, a perfectly sensible explanation for any imputed neglect of LDCs, which we've noted above: namely that, when authors discuss 'developing countries', they mean this to include LDCs as a subset therein.<sup>11</sup> We might therefore think it is disingenuous to contrast the frequency with which 'LDCs' and 'developing countries' are discussed, insofar as whether to categorize LDCs as developing countries or as a separate class of states is merely a semantic issue. Yet the subsumption of LDCs into the broader category of developing countries is precisely the problem we want to highlight: by failing to take account of the specific needs and structural constraints of LDCs, and treating them as a worse-off subset of developing countries, theorists have overlooked important considerations which ought to factor into our thinking about trade justice. Moreover, we suggest that the failure to adequately consider the distinctive plight of LDCs is a symptom of more general shortcomings in how trade justice itself is typically framed. Below, we highlight two problematic framings which are commonly adopted in the literature, each of which contribute to the neglect of, among other things, LDC-specific considerations of trade justice.

## A. RICH AND POOR

In many discussions on trade justice, states' duties and claims are analysed within a framework where states are grouped into 'developed' and 'developing' countries (or just 'rich' and 'poor' countries).<sup>12</sup> The broad conclusions which

<sup>9</sup>Though Aaron James briefly discusses some of the issues we consider here in A. James, 'Fortune and fairness in global economic life', *Journal of Moral Philosophy*, 14 (2017), 270–90, at pp. 280–1. Thanks to an anonymous referee for directing our attention to this.

<sup>10</sup>This neglect is mirrored in the global justice literature more generally. In Chris Armstrong's introduction to the global distributive justice literature, for instance, LDCs are only mentioned four times, twice within a quote from a WTO ministerial declaration; see C. Armstrong, *Global Distributive Justice: An Introduction* (Cambridge: Cambridge University Press, 2012).

<sup>11</sup>Something which James is explicit about; see James, *Fairness in Practice*, p. 25.

<sup>12</sup>See e.g. Christensen, *Trade Justice*, esp. pp. 83–90; James, *Fairness in Practice*; S. Loriaux and A. Herwig, 'International trade, fairness, and labour migration', *Moral Philosophy and Politics*, 1 (2014), 289–313; R. Miller, *Globalizing Justice: The Ethics of Poverty and Power* (Oxford: Oxford University Press, 2010), pp. 69–83; Risse and Wollner, *On Trade Justice*, pp. 139–56; Tesón, 'Why free trade is required by justice'.

most theories of trade justice produce within such a framing are predictable enough: a greater share of economic opportunities, as well as a more expansive set of entitlements, ought to be given to developing/poor countries, at the relative expense of developed/rich countries, which are capable of absorbing relative or absolute losses while nonetheless realizing a satisfactory level of domestic prosperity for their citizens. While there are disagreements over how demanding the obligations of developed states are, the basic assumption—rarely challenged—is that developed states are the moral agents who have demanding duties and developing states are the moral patients who have extensive permissions and entitlements.

While this framing may once have been somewhat apposite, it fails to track the way the world is today, particularly with respect to the diversity of non-rich states. There are (at least) two important senses in which the rich/poor framing fails to capture our current international landscape. First, it overlooks the many countries that reside somewhere between the poles of rich and poor. For every Norway and every Somalia, there are at least as many Brazils, Colombias, and Thailands, neither very rich nor poor. If (as most theories assume) trade-based duties and claims track states' current level of need, as well as their respective ability to absorb the costs of helping others, then the duties and claims of these middle-income countries will diverge markedly from those of the most- and the least-developed states. If we classify states in binary terms, we will find it difficult to produce action-guiding conclusions for how these states should treat other states, and how they in turn should be treated.

The second important difference between states that is not captured by the rich/poor and developed/developing binaries is the differing degrees of states' agency or power. Countries like India and China are far from rich, at least in per capita terms (China is an upper-middle-income country, India a lower-middle-income country). Yet so long as the assignment of international responsibilities even loosely tracks states' abilities to make a difference in producing or blocking certain outcomes, it should be apparent that super-sized states like India and China bear quite demanding international responsibilities, responsibilities which track their power rather than (only) their level of wealth or development.

This insight generalizes to many different areas of international ethics. Take, for instance, the case of vaccine distribution. China and India are among the very largest producers of COVID-19 vaccines. On this basis alone, their international obligations in respect to vaccine distribution are likely to be more analogous to the duties of rich countries than to the obligations of other countries with similar levels of per capita wealth, which are more likely to be vaccine importers. Or take climate change. Given that China's and India's decisions concerning how decisively to pursue a net-zero emissions target will have dramatic effects on the viability and attractiveness of all kinds of green technology investments, these countries plausibly have greater duties to make ambitious commitments, and to

accelerate their plans to fulfil these commitments, than smaller countries that emit equivalent or even greater amounts of greenhouse gases per capita.

All this suggests that we need to adopt a more fine-grained analysis of states' differences and, in particular, their differential needs and capabilities, in international justice theorizing more generally. Obscuring the differential needs and capabilities of states in trade by grouping states simply in terms of developed/rich and developing/poor is perhaps particularly problematic because it obscures the imperfect, indeed somewhat tragic, nature of what trade justice might require of its participants. We argue below that, in some cases, a more just treatment of LDCs will necessarily and directly conflict with the interests and current entitlements of badly-off developing countries. In Sections III and IV, we will consider what this fact means for other states' trade-based obligations. More specifically, we will examine whether LDCs' trading partners ought to commit to providing LDCs and other developing countries with a 'level playing field' or, alternatively, whether they ought to take some form of 'affirmative action' to enhance LDCs' relative competitiveness. But we stress that how states ought to weigh the competing interests of badly-off countries in their trade policy is just one important normative question that is hidden by failing to adequately track the heterogeneity of states in our theories of international justice.

## B. FREE TRADE AND PROTECTION

Before moving on, we draw attention to another simplified framing which is prevalent within the trade justice literature: the free trade/protectionism binary. It is commonplace for authors to analyse states' options in trade as primarily a matter of whether and in which cases it is permissible to adopt free(r) trade policies or else (more) protectionist ones.<sup>13</sup> Indeed, at a certain level of generality, the trade justice literature can be seen as centring largely around the interplay of the two binaries of developed/developing (or rich/poor) states on the one hand, and, on the other, free trade/protectionist policies. Determining states' entitlements and obligations in trade is portrayed as primarily a matter of drawing out when states are required to adopt free trade policies, and, conversely, when it is permissible for them to erect protectionist barriers in order to shield some subset of their own citizenry from the caprices of the international market, at the expense of outsiders and other citizens.

Moreover, there is something close to a consensus within the literature on how the interplay between the two binaries (developed/developing states and free trade/protection) ought to play out. On the one hand, most authors argue that

<sup>13</sup>See e.g. C. Armstrong, 'Dealing with dictators', *Journal of Political Philosophy*, 28 (2020), 307–31; S. C. Goff, 'The impact of trade policy decisions on social justice', *Res Publica*, 27 (2021), 59–76; Miller, *Globalizing Justice*, esp. p. 71; D. Moellendorf, *Global Inequality Matters* (Basingstoke: Palgrave Macmillan, 2009), pp. 90–105; Tesón 'Why free trade is required by justice'.

‘developing countries’ (under which they’d categorize LDCs) are entitled to erect protectionist barriers where they see it as being in their interest.<sup>14</sup> On the other hand, it is generally held that developed countries are not justified in enacting protectionist policies against developing states, and so they ought to adopt broadly free trade policies; Richard Miller is fairly typical of the literature when he claims that while justifying such policies on the part of developed countries is certainly not ‘impossible’, it is ‘extremely difficult’.<sup>15</sup>

It is not clear whether the arguments these authors present for allowing developing states to implement protectionist policies against developed states should apply when developing states’ protectionist policies harm other developing states or LDCs; both questions are obscured by the binary framing of trade justice as a matter of how developed states interact with developing states. But even leaving these difficulties aside, there are several problems with the ‘orthodox’ consensus—that developed states ought to adopt unilateral (close-to) zero-tariff trade policies towards developing countries. As we will explain further below, developing and least-developed countries have directly competing interests. Given that developing countries have more resources, higher productivity, better infrastructure and, typically, a geographic advantage over most LDCs by having easier access to large markets, they are in a better position to exploit any economic opportunities that come along. Developed states’ adoption of free trade across the board therefore effectively amounts to favouring the interests of developing countries over LDCs.

Moreover, developing countries and LDCs have already had very favourable terms of market access into developed-country markets for decades now. In principle, this ought to have been a boon for both developing and least-developed states; trade, after all, is central to their economic development insofar as it allows their producers to access larger markets with more customers and their consumers to access cheaper foreign producers. And this is particularly important for LDCs, since their small domestic markets cannot support the development of internal economies of scale (see Section III). Yet, while many developing countries have benefited significantly from their relatively unrestricted access into developed countries’ markets, LDCs generally have not. Indeed, despite having long had duty-free access into several of the largest developed-country markets,<sup>16</sup> often covering close to 100 per cent of traded products, since the designation of ‘LDC’ was introduced in 1971 only six LDCs have graduated to ‘developing country’ status.<sup>17</sup>

<sup>14</sup>See e.g. G. Brock, *Global Justice: A Cosmopolitan Account* (Oxford: Oxford University Press, 2009), pp. 222–32; Christensen, *Trade Justice*, pp. 83–90; James, ‘Fortune and fairness in global economic life’; Moellendorf, *Global Inequality Matters*. For a notable exception, see Tesón, ‘Why free trade is required by justice’, though this is primarily because he follows the consensus of academic economists in arguing that protectionist barriers harm the poor countries that implement them.

<sup>15</sup>Miller, *Globalizing Justice*, p. 75. See also Christensen, *Trade Justice*; Moellendorf, *Global Inequality Matters*; Tesón, ‘Why free trade is required by justice’.

<sup>16</sup>See UN/DESA, *Handbook on the Least Developed Country Category*, p. 30.

<sup>17</sup>Though note that a small handful of LDCs have been recommended for graduation in the near future.

This attests to how difficult the process of development can be. More pointedly, however, it speaks to the fact that the international trade regime and its orthodox policy toolkit has done a poor job of facilitating the development of LDCs. Given the poor record of LDCs' graduation to developing-country status even while they've had largely duty-free access into developed countries' markets, it is somewhat quixotic to think that merely continuing this commitment to free trade will be enough to lift LDCs from their current levels of immiseration any time soon.

In the following two sections, we illustrate the value of paying greater attention both to the heterogeneity of badly-off states and the distinctive structural impediments that the very worst-off states face, and to the full arsenal of trading partners' available policy responses to such impediments. In Section III, we will argue that, in order to facilitate LDCs' development, some states have a duty to implement policies which are neither neatly free trade nor protectionist, but rather which are *diversionary* in character.<sup>18</sup> States are capable of diverting trade flows away from some trade partners and towards others, because the competitiveness of any given state's industries is partially determined by the terms of access they receive in other states' markets relative to their competitors. Given that states have the power to tilt the economic playing field in one direction or another, it is incumbent upon trade justice theorists to say when they ought to do so. In Section IV we will argue that developing countries ought to accept our proposal as a just one, even though some of them would be adversely affected by its adoption.

### III. DIVERTING TRADE TO LDCS

In this section, we argue that developed states ought to actively divert a certain minimal portion of their trade towards LDCs. More specifically, we suggest that they ought to adopt what we will call an 'LDC quota', whereby they commit to acquiring (at least) a certain percentage of their imports, measured by value, from LDCs.<sup>19</sup> Given their deleterious effects on LDCs' development prospects, imports of natural resources such as oil and minerals should not count towards these quotas. Such quotas should give an artificial competitive advantage to industries such as labour-intensive manufacturing that are characterized by increasing returns to scale.<sup>20</sup>

<sup>18</sup>Strictly speaking, diversionary trade policies are not a separate policy instrument that states have, but are a different *use* to which trade policies can be put. Whether a policy will be protectionist or diversionary will often depend on whom the state is shifting opportunities towards, and with what motivation.

<sup>19</sup>While it is beyond the scope of this essay to determine what precise percentage would be the right one to set, we think somewhere in the region of 5% would be achievable in the medium term and produce the effects we are looking for.

<sup>20</sup>The few (mostly South-East Asian) LDCs that have managed to direct their economic activity to such industries have made substantial progress in meeting their development goals in recent years. By contrast, for the much larger contingent of (mostly African) LDCs that are commodity-export dependent, the impact of economic growth on development was 'closer to zero'; UNCTAD, *Least Developed Country Report 2014: Growth with Structural Development: A Post-2015 Development Agenda* (United Nations Conference on Trade and Development, 2014), p. vii. See also P. Collier and A. J. Venables, 'Rethinking trade preferences: how Africa can diversify its exports', *The World Economy*, 30 (2007), 1326–45.



The model we envisage for implementing this quota would be akin to the Paris Climate Agreement, where states commit to achieving a certain target, but it is left to each state to determine how best to pursue their target.<sup>21</sup> Some developed-country governments may choose to work with LDC partner governments to improve their infrastructure, in areas ranging from electricity supply to customs procedures. Alternatively (or additionally), they might provide technical, legal, and administrative assistance for complying with the developed country's own quality and safety standards. Others may decide that the best way to meet the quota is just to attach negative tariffs on goods imported from any LDC, making them artificially cheaper. Ideally, countries would adopt the LDC quota within the WTO, which could provide a ready-made forum for coordinating commitments, sharing best (and worst) policy practice, and holding each other accountable for their progress. However, if global coordination is not forthcoming, each developed state should still seek to coordinate with as many others as possible; the larger the market, the greater the impact.

In order to explain why a policy of this sort is required by justice, it is worth explaining in more detail one of the structural impediments facing LDCs' development. On a simple analysis of trade, after all, we might think that a policy of this kind is not needed for LDCs to export more labour-intensive products. Insofar as inhabitants of LDCs in Africa have very low wages (considerably lower at this point than in, say, China and most of South-East Asia), they should already be economically attractive places for export manufacturers to set up in. Yet this has not happened, nor is it likely to happen in the near future.

This is because, as New Trade theorists such as Paul Krugman have analysed, international trade allows for the development of 'spatial economies of scale', far greater than those permitted by a domestic market.<sup>22</sup> Economies of scale allow businesses to reduce costs not only through hiring cheap labour, but also through easy access to supply chains, nearby workers with relevant specialized skills, good infrastructure, and so on. Spatial economies of scale can generate significant efficiency gains for businesses operating within an industrial cluster, which can compensate for having higher wage costs than those found elsewhere. For example, although wages in Asia were many multiples lower than in Western Europe and North America for several decades, it was only in the 1970s and especially in the early 1980s that the wage gap was large enough (around a forty-fold difference) to make it worthwhile for individual manufacturers to leave the industrial agglomerations that had already developed and found new ones. Once

<sup>21</sup>Two relevant differences are that (1) the LDC quota would be a commitment that only a relatively small subset of states would have to take on, and (2) participating states would not get to set their own target.

<sup>22</sup>See e.g. P. Krugman, 'The increasing returns revolution in trade and geography: 2008 Economics Nobel Prize lecture', *American Economic Review*, 99 (2009), 561–71.

they did so, however, the new clusters they formed created new efficiencies and rapidly became much more attractive to the manufacturers who remained in Europe and America.<sup>23</sup>

Today, recently established manufacturing clusters in developing countries benefit both from significantly lower wages than in developed countries and from economies of agglomeration that LDCs cannot match. Without some sort of policy intervention, it will take many decades before the wage gap is large enough to make it profitable for manufacturing firms to start abandoning those agglomerations in favour of the remaining LDCs.<sup>24</sup> LDC quotas can reopen the closed door of development, by artificially raising demand for LDC products, thereby encouraging export industries to locate in LDCs and seed new efficient agglomerations.

A full defence of our proposal has both empirical and normative components. Here, we focus on the normative component; the reader who is sceptical of the economic merits of our proposal can treat what follows as an ‘if, then’ argument; *if* LDC quotas would have the effects we suggest above, *then* some states have a duty to adopt them. In any case, the proposal gives us a lens through which to view the distinctive character and relative weight of LDCs’ justice claims in trade where they come into conflict with those of developing states, which is the key issue we seek to insert into the philosophical conversation about trade justice.

As Judith Lichtenberg has stated, ‘you don’t need industrial strength ethical theory to know that it would be better if billions of people didn’t live in dire poverty’.<sup>25</sup> This basic moral commitment is reflected in the numerous international treaties, programmes, and institutions directed at ending such extreme poverty, from Article 25 of the Universal Declaration of Human Rights to the Sustainable Development Goals to the World Bank. Without

<sup>23</sup>P. Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done about It* (Oxford: Oxford University Press, 2007), pp. 82–3. Our analysis of the agglomeration economies poverty trap derives substantially from Collier’s presentation, although we disagree on its policy implications. Collier argues that developed countries ought to divert trade towards African countries suffering from this trap by maintaining the trade barriers they currently impose upon Asian developing countries, while cutting all tariffs they impose upon African countries (pp. 167–70). This would have the effect of marginally tilting the playing field towards African countries. Collier himself acknowledges, however, that such a policy is unlikely to help LDCs in particular, since they are poorly placed to benefit from the mere reduction of already very low tariff barriers to trade. Note that Collier’s proposal also does not avoid the conflict of interest between LDCs and developing countries that we discuss below. Even though Collier’s proposal may appear to give a benefit to African countries without taking anything away from Asian countries, the intended effect of the policy is the same as ours: to provide Africa-based companies with a cost advantage relative to Asian ones, and thereby to stimulate the development of new economic agglomerations in Africa at the expense of existing ones in Asia. We discuss the relation between Collier’s proposals and our own in more detail in a separate paper more focused on the (empirical) political economic analysis of the LDC quota; see ‘Affirmative action in international trade: the case for minimum quotas for least developed countries’ (available from the authors on request).

<sup>24</sup>Collier, *The Bottom Billion*, pp. 82–3.

<sup>25</sup>J. Lichtenberg, ‘Oughts and cans: badness, wrongness, and the limits of ethical theories’, *Philosophical Topics*, 38 (2010), 12342, at p. 135.

significant reform of the international economic system, by 2030 extreme poverty will largely be an LDC phenomenon.<sup>26</sup> And, in a world whose purchasing-power-adjusted GDP is now around US\$130 trillion,<sup>27</sup> the persistence of such poverty is not only morally unacceptable, but also starkly anachronistic, and its removal eminently affordable.

Trade enters this picture because economic development is necessary for the eradication of extreme poverty, and integration into the global economy is a key ingredient in such development, especially for small countries such as LDCs.<sup>28</sup> Insofar as this is the case, we can say that LDCs are strongly dependent upon trade. In other work, one of us has defended the claim that trade generates duties of justice between states because, and to the extent that, states are dependent upon trade in order to realize their duties of domestic justice.<sup>29</sup> An agent, A, depends upon another agent, B, to the extent that B plays a role in how A will, or has the best chance to, meet their needs. Dependence is weak if B is easily substitutable, if the needs that B is implicated in are peripheral ones, or both. Conversely, A is strongly dependent upon B to the extent that there is no viable substitute for B (that is, B is integral to A's plans), and the needs that B is implicated in are among A's core needs. Strong dependence generates more stringent duties towards the dependent agent than weak dependence, insofar as the needs at stake are more central, and the depended-upon agent's role is more central to the realization (or deprivation) of such needs.

In trade, we take it as given that states are only of instrumental importance; we are ultimately concerned with how states are treated insofar as this has effects on individuals, and states only have justice-claims against one another because they each have demanding, conceptually prior domestic duties to their respective citizenries. Therefore we propose to consider a state dependent upon trading partners to the extent that those trading partners play a role in the state being able to meet the needs of its citizens, more specifically those needs which citizens have a claim-right to. So state A will be dependent upon state B to the extent that B's policies form an (integral) part of how A realizes, or has the best chance to realize, some or all of its duties of domestic justice.

Among other things, grounding states' duties in trade in their respective levels of dependence entails that the degree of immiseration of a trading partner, and the severity of the structural constraints it faces in pursuing its own self-advancement, will often be decisive considerations when determining

<sup>26</sup>M. Roser and E. Ortiz-Ospina, 'Global extreme poverty', *Our World in Data* (2019), <<https://ourworldindata.org/extreme-poverty>>.

<sup>27</sup>World Bank, '2019 global GDP, PPP (constant 2011 international \$)', *World Bank Open Data* (2019), <<https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD>>.

<sup>28</sup>See e.g. A. Panagariya, *Free Trade and Prosperity: How Openness Helps the Developing Countries Grow Richer and Combat Poverty* (Oxford: Oxford University Press, 2019).

<sup>29</sup>T. Ó Laoghaire, 'Why dependence grounds duties of trade justice', *Res Publica*, 26 (2020), 461–79.

whom the terms of trade should favour.<sup>30</sup> Of course, they will not be the only considerations; governments have demanding duties towards their own citizens, and reasonable partiality may well tell against state representatives requiring all their trade policies to conduce to the benefit of worse-off states. It would appear unreasonably demanding, for instance, to ask states that are themselves incapable of reliably realizing a decent standard of living for their citizens to nevertheless commit to policies which would raise the cost of living considerably for their citizens, even if this was for the benefit of the citizens of a worse-off state. But for states that are well off on any reasonable reckoning, if they have the ability to improve the terms of trade for a trading partner in a way which would enhance the trading partner's ability to realize a minimally adequate standard of domestic justice at a non-prohibitive cost, then it would be wrong not to do so.

We have already noted that LDCs are strongly dependent upon their trade partners. There are many states who would be easily capable of shouldering the costs entailed by a reasonably ambitious LDC quota. In particular, developed countries are the wealthiest countries the world has ever seen and are, by any reasonable standard, robustly capable of ensuring a satisfactory standard of living for their inhabitants, so long as there is the political will to do so. Moreover, their wealth, and in some cases sheer market size, give them the ability to decisively tilt the economic playing field away from some countries and towards those most dependent upon new economic opportunities. Given their ability both to decisively change the international economic outlook for trading partners and to absorb the costs involved in doing so, combined with the urgency of LDCs' own needs, developed states are the obvious candidates to bear the burdens involved in providing LDCs with a more favourable profile of economic opportunities.

This is where most discussions on distributive justice would leave things, with developed states owing reasonably demanding duties to the worst-off states. But if we are assigning remedial duties to states on the basis of LDCs' dependence, combined with other states' ability to absorb costs and to tilt economic conditions towards LDCs, this does not pick out developed countries exclusively. Certainly, developed states will have the most demanding duties, but better-off developing countries, as well as the very largest ones, are not off the moral hook. It is not unreasonable that better-off developing countries be required to absorb some limited costs for the sake of LDCs, on precisely the same basis (though proportionately attenuated) that developed countries must (see Section II.A). They may, then, have a

<sup>30</sup>While we here frame them in terms of states' dependence, the above claims are uncontroversial among trade justice theorists. If the reader finds the dependence-based framing unconvincing, our argument nevertheless goes through just so long as states' degree of need strengthens their claims vis-à-vis other trading partners.

duty to apply a lower LDC quota to themselves. At the very least, they owe LDCs a sizeable reduction of the tariff barriers they currently have in place.<sup>31</sup>

Relatedly, if we are assigning duties to states partly on the basis of their centrality to trading partners' development opportunities, larger developing countries—most notably China, but to lesser extents countries like India and Brazil—will bear more demanding duties than is ordinarily thought, even if they themselves are not very wealthy. (Again, this follows from what was said in Section II.A.) To see this, first note that, while LDCs can be said to be dependent upon trading opportunities simpliciter, this dependence can be further broken down into differential degrees of dependence upon particular states. Many LDCs are more significantly affected by the trade policies adopted by large developing countries like China, India, Brazil, and Indonesia than by those of a small rich state like Switzerland. LDCs' export prospects are brighter, and so their citizens' broader development opportunities are greater, when these large developing states adopt LDC-friendly policies. A state's ability to influence international economic outcomes through its policy decisions, in other words, entails that it bears an additional suite of responsibilities with respect to how it exercises this ability. Given that their per capita wealth is not particularly high, citizens of such states, especially the worse off among them, could reasonably protest if their government made the cost of living markedly higher through any sort of costly special treatment of LDCs. But even a very modest commitment by larger developing countries to increase the proportion of imports coming from LDCs would make a significant difference to LDCs' economic outlook.

It might be asked why developing countries must bear any of the burden of facilitating LDCs' development; developed countries, the objection might go, could simply adopt, say, a 10 or 15 per cent LDC quota instead of a 5 per cent one, absolving developing countries of their responsibility. Two points are worth making here. Note, first, that there is a limit to the amount of goods that developed countries could reasonably expect to import as part of an LDC quota: outside natural resources, a great deal of our trade by value is in goods, like cars and high-end electronics, requiring technologies it is not plausible to expect LDCs to master in the short to medium term. Second, and more pertinently, whatever commitments developed countries make to LDCs, this leaves untouched the question of how developing countries are to treat the LDCs with which they trade. It is certainly not obvious that, just because developed countries give generous terms to LDCs, the developing countries upon which LDCs also depend would be thereby absolved from bearing moral

<sup>31</sup>Indeed, they may even owe this to their own citizens, insofar as it would serve to reduce their cost of living, particularly once LDCs became relatively efficient exporters. While the argument above is not restricted to rising powers, Julian Culp's discussion of such countries' domestic distributive responsibilities, as partly constitutive of their responsibilities of global distributive justice, is pertinent here; see J. Culp, 'Rising powers' responsibility for reducing global distributive injustice', *Journal of Global Ethics*, 10 (2014), 274–82.

responsibilities themselves for trade justice. Thinking along such lines repeats the moral mistake of treating developing states merely as moral patients, rather than as full moral agents. The relevant moral considerations which speak in favour of adopting an LDC quota ought to carry weight within each state's own domestic deliberations over what trade policies they should enact. Developing countries are not absolved from responding to such moral considerations simply because there are other states that are better off than themselves.

#### IV. DEVELOPING COUNTRIES AND THE LDC QUOTA

The argument in the previous section concluded that developed states, as well as the wealthiest and the largest developing states, should effectively give a leg-up to LDCs. This leg-up would come at the expense of developing countries; given this, our proposal is hardly a clean moral solution. If we were capable of making and remaking the international order at will, we should want to create a world where an LDC quota would not be necessary. But, the world we live in and must make the best of is characterized not only by certain economic laws (such as external economies of scale), but also by inherited contingent facts about the state system, and the global distribution of economic power. In this world, we believe implementing an LDC quota is unambiguously justified to the extent that the cost of not implementing it is far worse: the continued marginalization and immiseration of LDCs. So, even if it is not a policy which should form a permanent feature of any fully just international trade regime, in a non-ideal world such as ours, the LDC quota helps us escape from a morally suboptimal equilibrium.<sup>32</sup>

Yet there are further issues to resolve. First, that LDCs are entitled to this sort of favourable treatment is not as clear-cut as the above discussion suggests; we need to explain why being concerned with global poverty speaks in favour of helping LDC states and their constituent citizens, rather than helping the more numerous global poor who live in developing countries. Call this the numbers problem.<sup>33</sup> Second, we need to defend not just the priority of aiding LDCs, but the very permissibility of it; a world where LDCs have a leg-up which helps them outcompete developing countries may in some sense be morally preferable to one where they don't, but that doesn't necessarily entail that trading states are entitled to give them this leg-up. Call this the permissibility problem.

##### A. THE NUMBERS PROBLEM

On the picture we're developing here, states are important units of moral and empirical analysis, insofar as how states are situated, treated by other states, and

<sup>32</sup>The approach we adopt here is in line with Sen's transitional approach to justice; see A. K. Sen, *The Idea of Justice* (Cambridge, MA: Harvard University Press, 2009).

<sup>33</sup>Thanks to an anonymous referee for pressing us to discuss this challenge.

act in their own right, makes a great difference to their inhabitants' prospects for material prosperity and justice. States are not, however, the ultimate units of moral concern; we care about states only because we care about their inhabitants. Given this, it might seem misguided to prioritize LDCs over developing countries insofar as it amounts to helping a smaller set of badly-off individuals in LDCs at the relative expense of the more numerous poor living in developing countries. One response to this objection is to appeal to some form of prioritarianism, where we attach greater moral weight to benefits accruing to worse-off agents.<sup>34</sup> But while we believe appealing to a fairly moderate form of prioritarianism would be sufficient to resolve the numbers problem, others might not share our prioritarian sympathies, and so here we will give three further arguments—grounded in marginal utility, constrained agency,<sup>35</sup> and moral responsibility, respectively—for prioritizing LDCs over developing countries in our trade policy.

First, even if LDCs have fewer inhabitants than developing countries, prioritizing LDCs can be defended on grounds of marginal utility, so long as the extent and intensity of poverty in LDCs are sufficiently great relative to developing countries. This is because the marginal utility of any fixed amount of material improvement accruing to an agent can be expected to rise very steeply at the very bottom of the global income distribution. Given that LDCs represent a relatively small share of the global population, numbers alone might lead us to conclude that the case for an LDC quota from marginal utility is difficult to make. But this judgement rests on a short-sighted evaluation of the demographic and economic landscape. Recent projections show that by 2030 extreme poverty is expected to fall drastically in South Asia, and to remain low in most other regions. Contrastingly, the same projections suggest that in Sub-Saharan Africa the number of people in extreme poverty will increase, with the upshot that this region will account for five times as many people in extreme poverty as the rest of the world combined.<sup>36</sup> Moreover, extreme poverty in LDCs is significantly more intense than that found within developing countries (that is, impoverished individuals in LDCs are further below the extreme poverty income threshold and more severely deprived across more dimensions of life).<sup>37</sup> All this, combined with

<sup>34</sup>For the classic expression of prioritarianism, see D. Parfit, 'Equality or priority?', M. Clayton and A. Williams (eds), *The Ideal of Equality* (Houndmills: Palgrave Macmillan, 2002), pp. 81–125. For a helpful critical overview, see M. Weber, 'Prioritarianism', *Philosophy Compass*, 9 (2014), pp. 756–68. James also gives a role to prioritarian considerations in his *Fairness in Practice*, pp. 223–6, as well as in 'Fortune and fairness in global economic life' when endorsing Collier's proposal for trade diversion to badly-off African countries.

<sup>35</sup>This term is borrowed from Risse and Wollner, *On Trade Justice*, passim.

<sup>36</sup>See N. Yonzan, C. Lakner, and D. G. Mahler, 'Projecting global extreme poverty up to 2030: how close are we to World Bank's 3% goal?', <<https://blogs.worldbank.org/opendata/projecting-global-extreme-poverty-2030-how-close-are-we-world-banks-3-goal>>. While 'Sub-Saharan Africa' is not a perfect proxy for LDCs, around three-quarters of Sub-Saharan African countries are LDCs. Of the non-LDCs, only Nigeria would represent a significant percentage of the near-future's extreme poor.

<sup>37</sup>See G. R. Aguilar and A. Sumner, 'Who are the world's poor? A new profile of global multidimensional poverty', CGD Working Paper 499 (Washington, DC: Center for Global Development, 2019), <<https://www.cgdev.org/publication/who-are-worldspoor-new-profile-global-multi-dimensional-poverty>>.

the fact that LDCs' (and, more generally, Africa's) share of the global population is rising rapidly, suggests that any sort of consideration for the future prospects of LDCs and developing countries respectively speaks strongly in favour of prioritizing LDCs, even absent an appeal to prioritarian intuitions.

Second, countries that are concerned with tackling the prevalence of global poverty should implement policies which are not only sensitive to the future trajectories of states, but also to the amount of good that they themselves could contribute. Rather than deciding whether it would be better, from the perspective of the universe, if more very poor inhabitants in developing countries or somewhat fewer extremely poor inhabitants of LDCs saw material improvements, countries (or groups of countries) considering adopting pro-poor trade policies are faced with the question of how *their* trade policy can make the most difference, holding other things constant.<sup>38</sup> Countries adopting such a perspective can reasonably assume that developing countries will continue to benefit from their structural and geographic advantages, and so developing countries' citizens will continue to see material improvements even if some of the things they currently export are rendered less competitive.<sup>39</sup> The same cannot be said for LDCs without some sort of policy intervention, at least not in the short to medium term.

Finally, states differ with respect to how much moral responsibility their governments can be saddled with for failures to eradicate poverty within their borders. Were the UK home to large pockets of extreme poverty, we would be justified in laying the blame squarely and solely at the door of the UK government: because it could do better, it ought to. In the case of a state like Malawi, however, even a government with the best intentions could not ensure an adequate standard of living for its citizens: the infrastructure, the institutions, the productivity—none of what undergirds a state's ability to ensure adequate economic opportunities for its citizens is in place. While, of course, developing countries fall far short of the UK's capability for ensuring their people's flourishing, they are nonetheless capable of far more than LDCs. There is thus a limited but non-trivial difference between the moral claims of LDCs and of developing countries. Put another way, the poor citizens of an LDC stand in a more immediate dependency relationship to their countries'

<sup>38</sup> Analogous reasoning can be seen, for instance, in the effective altruism community, where causes are targeted not solely on the basis of how important and how tractable they are, but partly based on an evaluation of which areas have been neglected by the rest of the global community, where our marginal contribution can thus be greatest; see e.g. W. MacAskill, *Doing Good Better: How Effective Altruism Can Help You Help Others, Do Work that Matters, and Make Smarter Choices about Giving Back* (New York: Penguin Random House, 2015).

<sup>39</sup> On this point, it's also worth mentioning that LDCs' own successful development should, over time, stand to benefit even those developing countries whose interests are initially set back by an LDC quota. Were LDCs to catch up even to the level of lower-middle-income developing countries, this would substantially increase not only the market available to producers in developed and developing countries, but would also, as LDCs themselves become more productive, increase the availability of cheap goods exported by LDCs, and thus increase the standard of living in developing countries too.



trade partners than developing countries' poor citizens do, which in turn supports more demanding claims against those trade partners.

## B. THE PERMISSIBILITY PROBLEM

From the above, it appears that developed countries have several good reasons to prioritize LDCs in their trade policy, even at the relative expense of the more populous set of developing countries. Yet even if the LDC quota would work as we intend, helping us transition to a more just economic order, some may consider it ethically unacceptable: to the extent that we generally recognize an injunction upon rich countries imposing non-trivial costs upon countries much poorer than themselves, the mere fact that the LDC quota would help us transition to this better order does not settle the matter. Insofar as there are plausible moral constraints on what we may do in order to transition from our world to a more just one, we need to make a positive case for why it is ethically acceptable to temporarily disadvantage developing countries for the sake of LDCs.

The first step in this argument is simply to acknowledge that there is no neutral way of setting up trading arrangements: each state's trade policies will benefit some people more than others, and the decisions involved could always have been taken differently. Given this, we should avoid taking the current status quo as a morally sacrosanct baseline that establishes entitlements. So, while it is true that developing countries' economic growth trajectories would be slowed by an LDC quota (at least in the short term), it is equally true that LDCs are worse off as a result of the *absence* of an LDC quota, and developing countries are made better off. The fact that an arrangement happens to be the status quo does not give it any special moral significance.<sup>40</sup>

The second step is to note that (as we concluded earlier) the degree of immiseration of a trading partner and the severity of the structural constraints it faces in pursuing its own development will often be decisive considerations in determining whom the international terms of trade should favour. Given the points outlined both in Section II and above, then, morally motivated states ought to begin from a clear presumption in favour of prioritizing LDCs' interests over those of other trading states, including those of developing countries. To override this presumption, developing states would need to appeal to a moral consideration weighty enough to outweigh LDCs' special dependence on advantageous terms of trade. Certainly, many developing countries could appeal to reasonable partiality to justify *their own* unwillingness to favour LDCs' interests above their own, even where their own needs are, objectively speaking, somewhat less urgent. But reasonable partiality cannot ground an objection to *other countries'* adoption of an LDC quota.

<sup>40</sup>On avoiding status quo bias in our ethical judgements, see N. Bostrom and T. Ord, 'The reversal test: eliminating status quo bias in applied ethics', *Ethics*, 116 (2006), 656–79, which informed parts of our discussion.

In such cases, we take it that the most plausible remaining objection to an LDC quota is related to the regulative ideal of competitive fairness, often envisioned in the trade context as requiring a 'level playing field' among participants.<sup>41</sup> (We might also call this an ideal of 'formal fairness'.) The third step, then, is to show that this ideal is not weighty enough to trump considerations of basic justice, and, even if it were, when correctly construed it actually bolsters the case for an LDC quota. After showing this, we raise and refute several other potential objections to the presumption in favour of LDCs.

On one way of evaluating markets, we judge different arrangements on the basis of whether, and to what extent, they serve consumers; a better market arrangement is one that reduces prices and increases the quality of goods, thereby improving people's standards of living. This is the standard way in which economists tend to view trade arrangements, and the calculation involved is essentially utilitarian. Another way of evaluating trade arrangements focuses instead on producers, and how they are treated within the context of market competition. On this picture, while utilitarian considerations still come into play, they are flanked by considerations of competitive *fairness*; we might think it is unfair, for example, if one firm gets a production subsidy from its government when a rival firm does not, putting the latter at a competitive disadvantage.

On the competitive fairness view, market competition is akin to a game, albeit a high-stakes one, where the winner is (or ought to be) the most efficient producer of a good. Where a government favours one set of producers over another, this is equivalent to a referee intervening in favour of one football team against another, skewing the game and deciding the outcome in a way which departs from how we think the result should be settled. The losing team (and spectators) can object to the referee's intervention because, and just because, it amounted to an uneven application of the rules of the game: regardless of the background conditions that might be handicapping the performance of one of the teams, it is not permissible to tilt the conditions of play in their favour. Developing countries and their export manufacturers may hold a similar view of an LDC quota, insofar as it would artificially render a less efficient set of producers more successful than they deserve to be in the markets of those states that adopt the quotas, and thereby deprive developing-country producers of that to which they may feel their productive efforts entitle them.

We are doubtful that this is the right lens through which to judge the transactional level of trade, but it is especially implausible to frame the governmental level of trade in such terms, as it rests on an untenable view of the state's role in regulating trade. States are not like referees in the global

<sup>41</sup>See e.g. E. B. Kapstein, *Economic Justice in an Unfair World: Toward a Level Playing Field* (Princeton: Princeton University Press, 2006). For a critique of the level-playing field ideal, along different lines from the one we offer, see Christensen, *Trade Justice*, pp. 91–114.

economy, impartially ensuring the application of a set of independently created rules; rather, states *create* the rules. Even in sports, there is no unfairness involved in changing the rules of the game in order to achieve certain desirable outcomes; the back-pass rule in football was introduced in the 1990s to reduce boring, time-wasting play, the three-point line was introduced in basketball to create more space on the floor and to give smaller players greater chances to score, and so on. In market contexts, the stakes of competition are far higher, and states have moral responsibilities which extend to ensuring that individuals have decent life chances. Given this, it is not only *permissible* to change the rules to achieve certain effects, but in some cases it is *morally required*. A policy that promises to lift a set of economically marginalized states out of extreme poverty, as we believe the LDC quota would, represents just such a case.

It is also worth noting that there would be something *prima facie* inconsistent, if not downright hypocritical, were developing countries en masse to object to an LDC quota on the basis of competitive fairness, insofar as many developing countries themselves have long argued for, and benefited from, differential treatment within the global trade regime.<sup>42</sup> Within the WTO, for example, developing countries have been granted exemptions from various rules on the basis that compliance would be more onerous for them, or would render them more vulnerable to harm from unforeseen changes to market conditions, than would be the case for developed countries. Developing countries are also given more preferential terms of market access by many developed countries on the basis of their level of development. In other words, both with respect to developing countries and with respect to LDCs (who are recipients of even more extensive special and differential treatment), the trade regime as it is currently set up does take matters of competitive fairness into consideration, but does so by taking into account, and attempting to mitigate, the respective structural disadvantages faced by differently situated countries, so that all countries are in a position to benefit from the increased opportunities generated by an open international economy.<sup>43</sup> In this sense, the LDC quota can be seen not as a departure from the basic ethos of the current trade regime, but as a more effective response to the specific challenges which hinder LDCs' fuller participation.

Developing countries might accept the previous arguments, but nonetheless reject LDC quotas, on the basis of some other weighty moral consideration. Below, we discuss three further potential considerations: expectations, harm, and desert. Each of these considerations appeals not to a judgement concerning

<sup>42</sup>See C. L. Lim, 'The conventional morality of trade', C. Carmody, F. J. Garcia, and J. Linarelli (eds), *Global Justice and International Economic Law: Opportunities and Prospects* (Cambridge: Cambridge University Press, 2012).

<sup>43</sup>Given this, a more appropriate sporting analogy than football would perhaps be the use of handicaps in amateur golfing tournaments.

how the trade regime's opportunities should be distributed per se, but instead to different senses in which the current status quo *is* morally relevant to determining what trade policies states are entitled to enact.

First, it might be thought that developing countries have a moral claim against their trade partners, particularly developed countries, insofar as they have come to reasonably expect a continuation of favourable terms of trade. Developing countries, at least those which are currently outcompeting LDCs within developed-country markets, have built up a set of plans and expectations around receiving favourable treatment, and their producers have geared their efforts towards satisfying the wants of developed-country consumers. To encourage and facilitate this gearing of developing countries' production towards developed countries' markets in this fashion, the thought goes, is akin to making a promise: it would be wrong for developed countries to thwart economic plans which they have knowingly cultivated and incentivized.

It might be true that, in certain circumstances, it would be wrong for a state to erect barriers to trade or otherwise undermine a trading partner's competitive position once they have come to expect and to rely upon the continuation of favourable terms of trade. Where a developed country does this at the expense of a badly-off country, this wrong may be particularly egregious. Yet the reasons for which one state thwarts another's plans surely matter; while it may well be wrong to undermine a trade partner's market access as a punishment for refusing to sign a military cooperation treaty, this is very different from when a state thwarts a trade partner's plans in order to better fulfil their own widely recognized duties of eradicating extreme poverty.

In addition, note that this notion of 'reasonable expectation' is simply another way of saying that developing countries have come to *depend upon* continued favourable market access.<sup>44</sup> Given this, we can see why the 'reasonable expectations' argument does not go through; its normative force comes from the implicit premise that developing countries are strongly dependent upon *continued* favourable terms of trade, something that LDCs cannot be dependent on, because they have never had them. But to say that an agent depends upon another agent is not to say that the second agent is actually currently being dependable. I may, for instance, depend on you to help me escape from a well I just fell into, but that doesn't entail that you are currently helping me escape, or that you have any intention of doing so.<sup>45</sup> Like developing countries, then, LDCs also depend on favourable international economic conditions, even if they are not currently enjoying such conditions. That they have been the ones whose dependence has not been satisfied up until now gives LDCs *more* of a claim to a leg-up, not less.

<sup>44</sup>For an argument that promises create obligations insofar as they cultivate vulnerability or, in our terms, dependence between promisee and promiser, see R. Goodin, *Protecting the Vulnerable: A Re-analysis of Our Social Responsibilities* (Chicago: University of Chicago Press, 1986).

<sup>45</sup>M. N. Smith, 'Reliance', *Noûs*, 44 (2010), 135–57.

In response, the objector might point out that the dependence of LDCs and developing states differ in a morally significant way. Whereas maintaining the status quo would leave LDCs no worse off than otherwise, implementing an LDC quota would create economic costs for developing countries; they will be *harmed*. But, whatever the moral significance of the distinction between doing and allowing harm in general, the harm objection is singularly weak in economic contexts such as trade. Because market systems generate benefits to consumers through facilitating competition between producers, it is inevitable that some producers will be harmed by the normal workings of the market. The harms to the losers are often significant, amounting to a loss not only of income, but also a sense of purpose, of social status, and so on. We might well think that this has important normative upshots; we may, for example, think that making people vulnerable to such harms as part of our economic system generates a duty to provide some sort of social safety net.<sup>46</sup> But if the fact that some agents are harmed by an economic policy were sufficient for rejecting a proposal, almost no economic policies would be permissible. Broadly speaking, we allow that harms can befall participants within markets because the overall social effects of this mode of economic organization are worth it. Likewise, if we are correct about the salutary effects that trade diversion would have on LDCs' opportunities to develop, then its adopters may have some remedial duties towards those that are worst harmed. But the mere fact that some agents would be harmed is not sufficient reason for refraining from facilitating intensified trade with LDCs.<sup>47</sup>

Finally, developing countries may object on the grounds of desert. The argument above suggested that developing countries ought to accept LDCs' entitlement to an improvement in their current terms of trade, insofar as they are entitled to a set of international economic opportunities that are conducive to their development. One might respond that in the 1970s and 1980s many LDCs *did* have such a set of opportunities, namely the same set of opportunities which developing countries themselves managed to seize. Unfortunately, at the very moment when these opportunities arose, many of the LDCs which could have taken immediate advantage of them were deliberately restricting trade in line with heterodox economic theories, or were distracted by other crises.<sup>48</sup> This, the objection might continue, was in marked contrast to those developing countries that put in place far-sighted macro-economic and other policies which allowed them to benefit from globalization when the chance arrived. Given that the

<sup>46</sup>See e.g. James, *Fairness in Practice*; J. Wolff, 'Economic competition: should we care about the losers?', H. LaFollette (ed.), *Ethics in Practice*, 2nd edn (Oxford: Blackwell, 2001), pp. 551–9.

<sup>47</sup>Note that, even absent an LDC quota, producers in other countries would *eventually* be harmed when it became cost-effective for industries to move to LDCs, in the same way that labourers in the developed world were harmed once it became cost-effective to locate in developing countries.

<sup>48</sup>See P. Collier and J. W. Gunning, 'Why has Africa grown slowly?', *Journal of Economic Perspectives*, 13 (1999), 3–22; P. Collier and S. A. O'Connell, 'Opportunities and choices', B. J. Ndulu, S. A. O'Connell, R. H. Bates, et al. (eds), *The Political Economy of Economic Growth in Africa, 1960–2000*, vol. 1 (Cambridge: Cambridge University Press, 2007), pp. 76–136.

difference in outcome between many developing states and LDCs can be traced back to the agency of the governments in question, LDCs cannot claim to have been treated unfairly within trade.

This desert claim is unconvincing for two reasons. First, it gives too much credit to governments' agency in the creation of trade gains. While judicious policy no doubt improves a state's likelihood of accruing gains from trade, the economic geography of trade is clear: small landlocked countries with poor neighbours (the situation of many African LDCs) face prohibitive barriers to development compared to countries with more fortunate locations on a coast or next to wealthy neighbours with large markets and good transport links. Developing countries cannot feel aggrieved if developed countries' trade rules are tilted temporarily in favour of LDCs, given that developing countries themselves have benefited from taking advantage of economic conditions which they themselves did not create (both with respect to their trading opportunities, and with respect to their neighbours).

Second, whatever claims of justice states have against one another in trade, they must ultimately be based, as we noted earlier, upon the duties and claims that states themselves have towards their own citizens. Even if an LDC failed at one point to take up opportunities available to it, the basis for that state's claims against trade partners remains unaltered: they still retain especially demanding duties to realize justice within their territory, and they currently don't have the means to do so. Unless and until a state is in a position where it is capable of securing domestic justice solely by attending to domestic matters, it retains claims (ultimately grounded in duties towards its own citizens) against the international partners upon which it depends. This means that where states are currently unable to realize a minimally decent standard of justice for their citizens, their trading partners are answerable for the set of opportunities which they extend, those they withhold, and the rules they set down in their relationships with the badly-off states in question. Given this, whether LDCs previously failed to take up economic opportunities cannot be grounds for rejecting LDCs' current claims to having the trade regime tilted temporarily in their favour so that they can have another bite at the cherry. Some LDC governments may not deserve this, but their citizens do.

#### IV. CONCLUSION

In this article, we have made the case for clearly distinguishing LDCs from developing countries in the international justice literature in general, and the trade justice literature more specifically. Taking proper account of the condition of LDCs within our theories of trade justice requires us to depart from the common framings of the problem of trade justice, in order to better capture the heterogeneity of trading states' needs, capabilities, and policy options. To illustrate the value of paying more attention to such matters, we put forward a

proposal, the 'LDC quota', which would allow states to discharge their demanding duties to LDCs in a way which promises to generate real opportunities for LDCs' economic development, albeit at the relative expense of developing countries. While there is something morally tragic about having to adjudicate in this fashion between the conflicting interests of the worst off and the still very badly off, countries are justified in setting back the interests of developing states if this is necessary for facilitating the development of LDCs.