

THE FAIR TRADE MOVEMENT IN HISTORICAL PERSPECTIVE
EXPLAINING THE “IN AND AGAINST THE MARKET” PREDICAMENT

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In 2001, under the auspices of their joint working group, FINE¹, four leading fair trade associations agreed on a statement defining fair trade and its underlying mission:

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in the South. Fair Trade organisations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

Fair Trade's strategic intent is:

- Deliberately to work with marginalized producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency.
- To empower producers and workers as stakeholders in their own organizations.
- Actively to play a wider role in the global arena to achieve greater equity in international trade.

From this definition, it is clear that as a process and a movement, fair trade posits and seeks to uphold several core values. These tenets are based on a holistic vision of trade that incorporates social and environmental production factors into pricing decisions as well as a philosophical commitment to social justice and development. At its most fundamental level, fair trade seeks to foster cooperative and equitable market exchange between marginalized producers, collaborative traders, and conscientious consumers. Littrell and Dickson have emphasized fair trade's aim of "empowerment and improved quality of life for artisan producers..."² Maseland and De Vaal assert that fair trade rejects "efficiency as the main criterion" for international trade and proposes in its place a criterion of "fairness."³ Jaffee et al have argued that, based on traders' core commitments to "fairness" and "equity" for producers, fair trade products carry a "moral charge" straight through to prospective purchasers.⁴ At the consumption end, fair trade is alternately viewed as valuing notions of "consumer sovereignty" and "agency"⁵, as "an initial attempt to counter the pervasiveness of commodity fetishism, working to make visible and relevant the social relations that underlie production and exchange"⁶, as combining functional and ethical values in "social goods"⁷, and as providing consumers a "benefit from the 'warm glow' of subsidizing a subsistence

laborer” in a poor country, with the consequence that “the marginal benefit of these products is greater than their simple utility value.”⁸ Renard has summarized the movement’s underlying values as “solidarity and fairness.”⁹ For Ransom, “[t]he greatest single virtue of fair trade is that it encourages us to take a closer look, to engage more critically with the intriguing, sometimes shameful, details of everyday human life.”¹⁰

FINE’s definition was arrived at, however, more than four decades after the fair trade movement made its first tentative forays into what its proponents then called alternative trade. The purpose of this thesis is to examine the complex history of the alternative/fair trade movement as a basis for understanding one of its core tensions: the disjuncture within the movement about its proper position vis-à-vis the global capitalist market.

In Part 1, I undertake a detailed analysis of the alternative/fair trade movement’s gradual progression from small-scale direct-purchase schemes to increasingly mainstream prominence. I employ a basic framework first suggested by Anne Tallontire, which delineates four key stages in the development of fair trade: goodwill selling, solidarity trade, mutually beneficial trade, and the simultaneous development of trading partnerships and marketing of the fair trade brand.¹¹ These stages are dealt with individually in sections 1.1 to 1.4, while section 1.5 provides a snapshot of fair trade’s current scale and some of its impacts. Throughout the analysis, I provide succinct profiles of and quotations from prominent alternative/fair trade players to illustrate the motives and experiences of people and organizations in the movement.

Part 2 begins by briefly highlighting some of the potential misunderstandings that may result from the historical overview outlined in the preceding sections, and then proceeds to an argument by Gavin Fridell, who has offered an important alternative analytical frame for the history and philosophical underpinnings of the fair trade movement. Part 3 pulls

together critical aspects of the previous sections in an effort to engage one of the movement's core tensions: the dualism that fair trade posits itself as both an alternative to conventional trade and a part of that system. This tension has been described by observers in a variety of dichotomies: Moore has called it "the two visions of Fair Trade (a working model and the challenge to orthodoxy)"¹², Barratt Brown and Reynolds have each placed the movement "in and against the market"¹³, Fridell has called fair trade "within and against the market"¹⁴, and Renard has employed the phrase "inside and outside" to refer to the same tension.¹⁵ Although academic observers note this polarity frequently in their analyses of fair trade—and fair trade practitioners experience it firsthand in their trading activities and strategic discussions—the tension is rarely dissected in the fair trade literature, and few commentators have proposed potential explanations for this seeming paradox. This work seeks to fill that void.

In this thesis, I argue that the sense of dislocation implied by these analytical dichotomies reflects the disjuncture within the fair trade movement about whether it is constructing an alternative trade system that is parallel to (and "against" and "outside") the conventional trade system, or whether the movement belongs within the conventional system, injecting notions of "fairness" and reforming from the "inside." Pursuant to this discussion, I propose an analytical model that delineates what I call the idealist and realist tendencies of the fair trade movement. By contextualizing the roots of the "in and against the market" tension through a careful examination of the alternative/fair trade movement's history, I seek to unpack this paradoxical polarity. Rather than positing that fair traders must hasten to resolve this dichotomized dilemma, I demonstrate the commonalities and interdependence of the two positions. Ultimately, based on a historical and values-based reading of the movement, I argue that there is no inherent contradiction in the movement's

sense that it is both in and against the market, and that this disjuncture arises from the differing strategic priorities of fair trade actors rather than signaling deep divergence about the principles of fair trade. By demonstrating that the idealist and realist perspectives are not mutually exclusive, it is hoped that a more holistic understanding of the fair trade movement and its intentions can emerge.

PART 1: A HISTORICAL OVERVIEW OF FAIR TRADE

SECTION 1.1: GOODWILL SELLING

The earliest incarnations of fair trade emerged in the late 1940s and 1950s, as Christian charitable groups began direct-purchase projects in communities where they were conducting relief work.¹⁶ These agencies were driven by their religious commitments to social justice and Christian solidarity, and sought to provide an outlet for the goods of highly marginalized producers as a means to help these communities prosper.¹⁷ This “helping by selling” or goodwill selling created a virtuous circle: impoverished producers isolated from markets could sell their traditional handicrafts to intermediaries driven by mission, not profit, who in turn sold these goods in affluent countries where the returns could sustain relief programs and channel extra income back to the producers.

Tallontire notes that these early “goodwill selling” trade relationships were developed in a relatively ad hoc manner.¹⁸ Tradable goods were sourced where the agencies happened to be working, and sales of the goods were fairly constrained to the reach of a given agency in its homeland. In order to increase the volume of sales and the number of communities benefiting from access to alternative trade channels, the early alternative traders began setting up a network of shops in developed countries to create additional outlets where

imported crafts could be sold. To further broaden their market, these groups also created mail-order catalogs to reach consumers out of range of the physical shops.

The first alternative/fair trade organization is generally considered to derive from the U.S.-based Mennonite Central Committee (MCC). Founded in the 1920s as an international relief and development agency, the MCC's work is mission-driven, reflecting the Mennonite belief that "service to others is an integral part of the Christian life and that God intended all people to share in the earth's resources."¹⁹ The MCC began its pioneering alternative trade work in 1946, when a volunteer, Edna Ruth Byler, returned from missionary work in Puerto Rico with handcrafted embroideries she had seen at an MCC-run sewing class.²⁰ Byler proceeded to sell these needleworks through the network of Mennonite churches and women's sewing circles.²¹ Soon, needleworks by Palestinian refugees in Jordan and wood carvings from Haiti were added to the mix.²² The project, dubbed SELFHELP, began to take on a life of its own by the late 1950s, as a gift shop was opened in Byler's home and an international marketing campaign was launched. The effort was augmented by SELFHELP's decision to begin consignment sales through churches in the 1960s, and to open its own shops in 1972.²³

The Church of the Brethren also played an early role in the creation of the alternative trade movement when it launched the Sales Exchange for Refugee Rehabilitation and Vocations, or SERRV, in 1949. This project initially focused on importing crafts such as handmade clocks from refugees in post-war Europe. SERRV undertook its mission to "promote the social and economic progress of people in developing regions of the world by marketing their crafts and other products in a just and direct manner"²⁴ in part by actively engaging a range of non-conventional distribution networks, beginning with the Church of the Brethren parishes and a gift shop at the SERRV headquarters in Maryland. Littrell and

Dickson have noted that one of SERRV's foundational principles is that it interprets “*alternative distribution* to be synonymous with *alternative trade*.”²⁵ As such, SERRV soon began distributing its direct-purchased crafts through several other ecumenical parish networks, including Catholic churches and several Protestant denominations, as well as the Church World Service branch of the National Council of Churches.²⁶

The charity and campaign organization Oxfam UK began in 1942 as a Quaker-led group that raised funds and supplies for famine relief in Nazi-occupied Greece.²⁷ Shortly after the war, as part of its objective to concentrate on “the relief of suffering in consequence of the war,”²⁸ Oxfam began importing small craft items such as pincushions from Eastern European countries to help support their economic recovery.²⁹ Expanding its activities in the late 1950s, Oxfam also began importing crafts made by Chinese refugees in Hong Kong.³⁰ In the 1960s, Oxfam became increasingly active in advocacy about the root causes of poverty and its messages sought to portray the people of developing countries “as human beings with dignity, not as passive victims,” leading the charity to initiate self-help schemes designed to empower poor communities to become more capable of providing for their own needs.³¹ As part of this effort, Oxfam launched its “Bridge programme” in 1964; later renamed Oxfam Trading, this program provided small-scale producers with technical training and funding while also offering them a fair price for their crafts and a new channel through which to sell them.³² Through a network of volunteer-run charity shops, Oxfam extended its own distribution network to many British high streets in the late 1960s and 1970s.³³

The Dutch charity Stichting SOS was founded in 1959 by members of a Catholic political party. SOS's initial mission of supplying milk powder to malnourished children in Sicily³⁴ soon expanded to offering vocational training programs in several disadvantaged countries, with the aim of increasing these communities' economic independence.³⁵ But, as

SOS's Stefan Durwael³⁶ explained, "It soon became clear, however, that selling the manufactured products was a major problem. The sales potential of the small local market [in producer countries] was insufficient." This prompted SOS to shift strategies to what it termed "development trade" by beginning to import the handcrafted goods produced by recipients of its foreign training programs. In 1967 SOS brought its first shipment of "development trade" items—wood carvings from Haiti—to market in the Netherlands.³⁷ In the early 1970s, SOS began branching out by establishing subsidiaries in Austria, Germany, and Switzerland.³⁸

The first "world shop" opened in Breukelen, Netherlands in 1969.³⁹ Often staffed by volunteers, world shops (also known as third world shops, fair trade shops, and charity shops) are specifically dedicated to selling crafts and other products created in developing countries and traded through direct-purchase channels like those established by goodwill sellers. The MCC's SELFHELP project opened its first full-fledged retail shop in 1972, followed by 60 more shops by the decade's end.⁴⁰ Oxfam's Bridge programme opened its first charity shops in Britain in the mid 1960s, and these soon began stocking alternative trade handicrafts.⁴¹ SERRV, in contrast, continued to focus primarily on distribution through an increasingly complex network of religious affiliations and parishes. As it grew, this network of goodwill sellers, world shops, mail-order catalogs, and artisanal producers formed the first concrete incarnation of an alternative trading system based on direct-purchase pacts and a commitment to return the largest possible margins to primary producers.

SECTION 1.2: SOLIDARITY TRADE

In the 1970s and 1980s, while predominantly faith-based goodwill selling continued to grow, a new tendency also emerged in alternative trade. Born of the divisive politics of the Cold

War's middle years and guided by motivated young activists in so-called "third world groups," this new approach was more overtly political than goodwill selling, although it shared some traits with the already established alternative trade groups.

While the emergent third world groups of the 1950s and early 1960s were rooted in the Christian humanitarian camp, as the 1960s and 1970s wore on some of these groups—especially those focused on specific countries and causes—began to take on a more political tone.⁴² Observing the decolonization process and the Vietnam war, and noting global economic imbalances that contributed to poverty, these third world groups sought ways to concretely express their solidarity with causes and countries they supported.⁴³ Drawing on the lessons of goodwill sellers, these groups arranged direct-purchase agreements with specific communities in developing countries and began importing their products. The third world groups relied heavily on the opening of world shops as a distribution network for this "solidarity trade"; these shops expanded rapidly, from one in 1969 to over 150 by 1982 in the Netherlands alone.⁴⁴ World shops also served as a locus for third world groups to raise awareness about trade inequalities and other political causes.⁴⁵

In the late 1960s, the Dutch group Sugar Cane Action, highly critical of excess beet sugar production in the European Economic Community states, took the pioneering step in alternative trade of beginning to import sugar cane through its own channels under the slogan "By buying cane sugar, you increase the pressure on the governments of the rich countries... to give the poor countries a place in the sun of prosperity."⁴⁶ Given the third world groups' concerns with structural inequalities in the emerging global trade system, solidarity traders focused on developing direct trade relations with states seen as trying to forge an alternative trade movement outside the Western capitalist system. World shops carried such items as Tanzanian coffee and tea, Algerian orange juice and wine, Mozambican

cashews, Cuban rum, and Nicaraguan coffee.⁴⁷ In the 1980s, products from the Southern African frontline states were sought for their anti-apartheid associations, as were Central American coffees for their links with revolutionary movements of the era.⁴⁸ In the mid 1980s, the U.S. embargo against Sandinista Nicaragua helped spur European solidarity imports of coffee and bananas from that country.⁴⁹

Equal Exchange, founded in Boston in 1986, is a U.S. alternative trade organization (ATO) with firm roots in the solidarity phase. Its mission is:

to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relationships between farmers and consumers and to demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world.⁵⁰

Equal Exchange made an overtly political statement with its first import. In 1986, the Reagan Administration had imposed an embargo barring the importation of any goods from Nicaragua, where it was supporting the counterinsurgent Contras against the Sandinista government. Noting a loophole in U.S. law that meant coffee's origin was defined by the country where it was roasted rather than harvested, Equal Exchange made arrangements with a Dutch ATO, Stichting Ideeel Import (SII), to import Nicaraguan coffee.⁵¹ Although under U.S. law the coffee was technically considered Dutch since it had been roasted in the Netherlands, U.S. Customs officials impounded SII's first shipment to Equal Exchange. The ensuing legal struggle to release the coffee helped Equal Exchange challenge U.S. trade policy while also building demand for the "forbidden fruit" of Café Nica throughout the U.S. world shop network and solidarity circles.⁵² Equal Exchange succeeded in its efforts to import the Nicaraguan coffee, and quickly became a leading U.S. ATO; while maintaining its Café Nica line, Equal Exchange also sent staff to several coffee-producing countries to develop relations with additional producer groups. Though not entirely typical, Equal Exchange's deliberate confrontation with the U.S. government illustrates the political edge

of this stage in the development of alternative trade, and highlights its marked differences with conventional traders' strategies.

The solidarity trade era also saw the emergence of a stronger Southern complement to what had heretofore been a Northern-guided movement. Producer cooperatives began to take an active role in alternative trade and became significant partners in the system.⁵³ One important cooperative among many to emerge in the solidarity stage was the Union of Indigenous Communities in the Isthmus Region, or UCIRI, which was formed by 17 Mexican indigenous communities in 1983.⁵⁴ Living on ancestral lands in mountainous areas of Oaxaca, UCIRI's member communities had a long history of selling their coffee to intermediaries that exploited their isolation and information asymmetries. During the "green revolution" of the 1980s, as technical advisors from the state coffee board INMECAFE pushed producers to take up agrochemical production that promised higher yields, UCIRI members resisted the pressure to adopt industrial techniques. Visits from Dutch and German solidarity groups had informed UCIRI members of an alternative export market that would allow them to bypass the traditional buyers of their coffee (known as coyotes), INMECAFE, and other unsatisfactory export arrangements they had tried with limited success. A meeting with a European agronomist in the same period prompted UCIRI representatives to visit a leading organic farm in Chiapas to learn how they could apply its biodynamic, high-yield techniques to their own lands. As Simpson and Rapone note, UCIRI's encounters with these European groups in the early 1980s opened new horizons for the cooperative:

Fair trade organizations not only paid more than the prices established on world commodity markets, but operated through annual contracts and long-term relationships. Their contracts were based on the needs of farmers, coffee processors and consumers in a context of compromise and mutual respect. This was a sharp departure from the price system of the conventional market in which commodity prices changed daily in response to production amounts and weather conditions, while speculators amplified price shifts and brokers tried to drive the best bargain they could from producers.⁵⁵

Aware of these European ATOs willing to trade with them, and armed with the knowledge that their organic coffee would command a premium price, UCIRI began a long campaign to obtain an export permit from INMECAFE, the state coffee board whose governance was heavily comprised of large plantations that coveted the bulk of export quotas.⁵⁶ In 1985, UCIRI finally obtained its export permit, sending its first direct exports after the 1986-87 harvest to Simon Lévelt, a specialty coffee and tea importer in the Netherlands that practices a fair trade business model, and to the German ATO, GEPA.⁵⁷

Despite their variant orientations, goodwill sellers and solidarity traders had many overlaps that allowed them to work together. Above all, they shared a concern for the plight of disadvantaged producers in developing countries, a commitment to their capacity to help these producers through direct-purchase schemes, and “an ideological focus on paying producers ‘as much as possible’ rather than ‘as little as possible.’”⁵⁸ Goodwill sellers’ imports found a natural place beside solidarity goods on world shop shelves as the network expanded. The doctrine of liberation theology and the political polarization of the 1970s and 1980s also contributed to some of the overlaps between goodwill and solidarity trading, although the marketing message conveyed to solidarity shoppers was unabashedly political, with the underlying claim being that to purchase the product was an overt act of solidarity with and support for the producers.⁵⁹ As Durwael has noted, during the solidarity stage there was a shift in the emphasis of the message facing the consumer, from producer well-being to a larger political meta-narrative:

The supporting function of the sale of products was clearly pushed into the background by information and instruction. The product was a symbol and a way of putting the political message across. If you did not take the leaflet, you should not buy the product either.⁶⁰

Another key development was that solidarity and goodwill traders both realized that food products were another viable import in addition to handicrafts, especially since

agriculture and artisanal work constituted the two largest sources of employment in many rural communities in the developing world.⁶¹ The solidarity group Sugar Cane Action was the first to import sugar for sale through the world shop network of the late 1960s, and the goodwill-oriented SOS was the first to import coffee through alternative trade channels, from Guatemala in 1973.⁶² While agricultural goods showed much future potential, the quality of the food products sold in the solidarity trade was typically hit or miss. In the words of a Dutchwoman familiar with the era, “I remember my father buying fair trade coffee but it was so bad that we would never serve it to company.”⁶³

The solidarity trade’s major shortcoming sprung from what might be said to have made it most successful on its own terms: the bundling of strong political messages with erratic merchandise meant that, aside from a supportive and solidaristic segment of the market, these goods often lacked broader appeal. As Tallontire explains, “While solidarity trading did reach a committed band of alternative consumers, it had some internal limitations, and as the international political climate changed, the solidarity message became less tenable.”⁶⁴ By the late 1980s, solidarity trade, while not abandoned, was quickly being subsumed by new tendencies in alternative trade.

SECTION 1.3: MUTUALLY BENEFICIAL TRADE

The solidarity period saw some notable advances in the alternative trade system, but many solidarity ATOs faced grim prospects as the 1980s wore on; the decade-old Dutch ATO Abal closed its doors in 1984, and SII—the ATO that had roasted and re-routed Equal Exchange’s first coffee shipment—went bankrupt in 1991.⁶⁵ Goodwill sellers, with their traditional focus on artisanal handicrafts, also faced increasing competition from mainstream for-profit retailers and a slew of new mail-order catalogs peddling “ethnic” craft products

and decorative cultural wares.⁶⁶ Global politico-economic shifts (detailed in Part 2 below) also transformed the playing field for alternative trade.

As the 1990s loomed, the alternative trade movement was at a crossroads. A new outlook began to spread through the alternative trade circles. It was widely recognized that, although alternative traders had held true to their convictions about social justice and solidarity with disadvantaged producers, the size of the alternative trade network was too small to generate sufficient sales revenue to consistently improve the lives of Southern partners. Moreover, many ATO practitioners—while confident of the benefits their model offered—lacked the business, finance, and marketing experience to continue expanding their reach in ways that would allow them to sustain their direct-purchase relations with increasing numbers of distant producer groups over the long haul.⁶⁷ And, as Tallontire notes, many alternative traders came to the conclusion that “the producer focus of earlier periods was associated with the neglect of the consumer.”⁶⁸

These realizations prompted a reassessment within the alternative trade movement that saw a general shift toward practices of what Tallontire calls “mutually beneficial trade.”⁶⁹ Essentially, this meant a transition away from being very supplier-driven—from ATOs buying what primary producers had to offer even if quality or supply was erratic—to striking a delicate balance between the needs and capacities of suppliers on the one hand, and the demands and desires of consumers on the other. If the right mix could be found, adherents of mutually beneficial trade reasoned, it would be possible to simultaneously expand the market for alternative trade goods *and* incorporate more producers into the network, thereby spreading the benefits of the system to more disadvantaged producers than ever before. As an alternative trade veteran put it:

It became clear that although fair trade is different from regular trade as regards its principles and starting points, this need not necessarily always be evident from the presentation of the products.

Commercial techniques may, and indeed must be used to sell both the products and the message. Why not beat the enemy with his own weapons?⁷⁰

At the same moment, a wave of “green consumerism” that had built up during the 1980s began to enter mainstream discourse, especially in developed countries where consumption levels were the highest. According to consumer activism historians Lang and Gabriel, the green consumerism wave of the late 1980s and early 1990s—targeting everyday items from CFC-emitting aerosol cans to apples with pesticide residues—was a turning point for the environmental movement and for consumers:

For the first time since the early Co-operative movement [of the 1840s], consumers were offered a message to influence production directly: buy this rather than that product and you can help “good” producers to out-compete “bad” producers. “Good” and “bad” were defined in environmental terms. Suddenly, the environment movement shifted from being oppositional to staking a claim in the market-place.⁷¹

Green consumerism served as a leading edge for other forms of consumer activism, including the wave of ethical consumerism and anti-sweatshop sentiment that gathered strength in the mid 1990s when affluent countries’ publics were riveted by reports of exploitative conditions in the maquiladoras and export-processing zones of the apparel and manufacturing sectors.⁷² By the turn of the millennium, an observer noted that “The main ethical issue of the 1980s—‘green’ environmentalism—has now been broadened from a product focus into a more general concern over the entire production process, particularly highlighting the human/social element.”⁷³

The alternative trade movement saw parallels between these wider developments and the internal debates and realizations it was having at the time. This “new” concept—that production processes and consumption choices *meant something and had effects*—was one with which alternative traders had long been familiar. Still, while the alternative trade movement felt it had its fundamentals right with regard to producers, many practitioners began to feel that not enough had been done to reach consumers with a convincing message about their

power to support improvements in the livelihoods of marginalized producers. Thus, as alternative trade sought to reach more mainstream and main street customers, the movement gradually modified its discourse and began to emphasize its “fair” character more than its “alternative” attributes. This engendered a tension in the movement (discussed in Part 3) that has yet to be fully resolved.

If alternative/fair trade was to reach the mainstream, one initial hurdle to overcome was doubt about the quality of fairly traded foods, since a sense of solidarity had often trumped quality concerns. As Young has quipped of the solidarity goods, “They were for many a political statement and were unrelated to the particular qualities of the products. The ubiquitous Nicaraguan instant coffee was very much an acquired taste.”⁷⁴ Alleviating these lingering concerns and improving the quality of fair trade products was approached from a variety of angles.

The direct links established between Northern ATOs and Southern producer groups were one important conduit for conveying quality concerns and consumer tastes. To bridge these issues, ATOs provided all manner of technical advice, training, resources, and information to their export partners in the South. As Humphrey Pring of the British ATO Twin Trading explained, “It’s not necessarily easy always, but part of the fair trade process is helping producers that are not yet producing excellent quality coffee to produce excellent quality coffee. It is an iterative process of improvement.”⁷⁵ This approach differed widely from that of conventional traders, as Tiffen et al note: “Trading directly with farmers can be labour intensive and may require active developmental assistance or, at least, relationship building. This has not traditionally been the preserve of—or even of interest to—the larger multinationals.”⁷⁶ At the same time, the cooperative organizational structure of many producer communities created small economies of scale, allowing cooperatives to pool

resources in order to purchase new equipment and improve production infrastructure, to hire technical advisors and sales managers, and to fund the training of cooperative members in these skills. Some cooperatives even began to send representatives to trade shows in their largest export markets to meet with potential buyers—fair trade and conventional—and communicate face-to-face about quality concerns and consumer trends.⁷⁷

Equal Exchange again provides an interesting case study, this time of a solidarity trader that adjusted its strategies to accommodate a new emphasis on consumer choice and quality. During its first five years of operations, Equal Exchange had developed a very limited product array, consisting of only a few coffees and one tea.⁷⁸ But in 1991, the company dramatically expanded its product line to over 40 coffee offerings, including whole beans, variant roasts, decaffeinated and flavored options, and an espresso. The company also designed new display cases that served as coffee dispensaries in supermarkets, and more teas and honey were added, giving consumers a wide variety of fair trade products to choose from while also incorporating new producers.⁷⁹

In the non-food segment of the fair trade movement, too, there was a notable shift in strategy toward business professionalization, improved quality, and more responsiveness to consumer preferences. For instance, in the late 1980s, the pioneering Dutch ATO SOS centralized its operations in one facility and opened a new showroom so it could concentrate more on its consumer-facing attributes. The trend was repeated by other world shops:

Products were displayed in an attractive way, white being the dominating colour. The World Shops started to concentrate as much on the sale of products as on awareness-raising and political action. Many shops moved to a more central location and/or made their design and presentation more attractive. In considering possible cooperation with partners, the context in which a producer group worked became an important criterion. Product quality was greatly improved: product development became an important activity to ensure continued cooperation with the partners.⁸⁰

ATOs trading in artisanal crafts also became more concerned with ensuring that information about consumer preferences was transmitted to producers, so that designs could

be adjusted to better reflect purchasing trends. Martha Lynd, a U.S. anthropologist who helped start an ATO that imports weavings from Mayan women's cooperatives in Guatemala, explained the challenges of negotiating the cultural gaps between producer traditions and consumer preferences. She relates an experience between her ATO and a small group of artisans whose traditional weavings featured several bright colors:

When we asked them to use less hot pinks, lime greens, and oranges, they replied that the weavings would then be *triste* or sad. We had to explain that every culture has different ideas of aesthetics and that North Americans prefer only a bit of these colors... We acknowledge that introducing new designs and color combinations is a delicate issue. On the one hand, we want to help the women succeed in the international market. On the other hand, as a fair trade business committed to preserve producer groups' traditions, we do not want producers to lose the integrity of their weavings. In such a situation, the fair trade advocate must try to wield a double-edged sword. As a cultural facilitator, we try to educate the North American consumers about the cultural meanings and context of particular weavings, while helping the artisans understand the range of North American tastes.⁸¹

A consumer-cognizant transformation also took place in one of the oldest ATOs during this period. After experimenting unsuccessfully with a mail-order catalog and clothing lines, in 1996 SELFHELP Crafts of the World (the MCC-affiliated ATO begun in 1946) undertook a rebrand that aimed to present a more mission-driven message to consumers. Playing on the symbolic attributes of the word "village" ("In our modern, mass production world, villages are still a setting for the individualized creation of authentic handicrafts..."⁸²), the organization changed its name to Ten Thousand Villages. At the same time, it focused on developing its internal structures and diversifying its product array. A new balance was achieved between staff involved in product procurement and those involved in sales and promotions⁸³, innovative approaches to consumer education and retailing were developed, and the organization endeavored to heed its board of directors' call to "operate this like a business, but a business of a different kind."⁸⁴ Throughout its revamp, Ten Thousand Villages still grappled with issues around its core values, as director Paul Myers explained:

Most would agree that we have to provide good quality product, good price, good customer service just like anyone else. The question is what do we add to that. What is the added value? I think that question is far more important in terms of our success 10 years from now than

whether we choose this particular store model or that particular marketing channel. Strategic planning will force us to find different ways, hopefully deeper ways of involving producers in what we do. That brings back the old problem of do you listen to the consumers or the producers. Well, the answer is clear—you listen to both, but how we bring that together will be a very important issue.⁸⁵

In the developing world, regional interactions between artisanal producers and in-country capacity-building NGOs also contributed to improved quality by connecting small cooperatives with training, resources, and international buyers who helped them evade local middlemen. The Asia Fair Trade Centre of Excellence, for instance, drew on the expertise of successful fair trade groups to disseminate best practices and improve product development techniques, while also acting as an umbrella group to represent fair trade products at major trade shows in the region.⁸⁶ Likewise, the Community Crafts Association of the Philippines, a fair trade organization based in Manila, helps small-scale craft producers raise their profile through websites and showroom space, and by encouraging “artisan groups to develop high-quality products instead of engaging in mass production in which large quantities are made to offset low markups.”⁸⁷

As product quality improved, the alternative trade movement also began to concentrate on creating consumer-facing expressions of the *qualities* that made its products different from conventional products. This required a multifaceted effort that included not only moves toward increased professionalization within and better coordination amongst ATOs, but also a shift in some segments of alternative trade toward new systems of quality control, certification, auditing, and marketing. This led to the creation of several important umbrella organizations that have become critical players in the alternative/fair trade movement.

At a conference in 1989, 40 ATOs that had been informally collaborating for some time established the International Federation for Alternative Trade (IFAT).⁸⁸ Among the founding members were leading ATOs such as SERRV, SELFHELP, Traidcraft, and Equal Exchange.⁸⁹ Headquartered in Amsterdam, IFAT is an association of ATOs involved in the

production, trading, and retailing of fair trade products. To join IFAT, ATOs must conduct a self-assessment on several fair trade criteria, pass a peer review by existing IFAT members, and open their operations to external audits.⁹⁰ IFAT works in three main areas: market development for fair trade products, standards-setting and compliance monitoring of ATOs, and advocacy on behalf of fair trade. By 2004, IFAT had 235 members in all regions of the world, the bulk of which are producer organizations located in the global South.⁹¹

The European Fair Trade Association (EFTA) was founded in 1990, establishing a network among 11 of the oldest and largest ATOs from nine European countries. With a single-digit staff based mostly in the Netherlands, EFTA's main purpose is to help coordinate the exchange of information between its member organizations in order to improve the efficiency of their importation operations. EFTA also encouraged individual member ATOs to take the lead in dealing with specific producer groups and product types, allowing for streamlined communications and advisory relations with producers, and increased leveraging of knowledge among EFTA members.⁹² EFTA's advocacy office in Brussels has, since 1995, run the "Fair Procura" program that lobbies European-, national-, regional-, and local-level public administrations to demonstrate their commitment to sustainable development by procuring fair trade products when possible.⁹³

The Network of European World Shops (NEWS) was established in 1994 to improve communication and strategic collaboration among the 15 national world shop associations in 13 European countries, representing some 2,500 world shops and more than 100,000 volunteers. NEWS works to exchange best practices and information among its members, publish research on fair trade trends, and collaborate with other umbrella organizations like EFTA and IFAT to promote and advocate fair trade.⁹⁴

In 1988, a landmark event for alternative trade occurred when Mexico's UCIRI approached the Dutch ATO Solidaridad about developing a product label that would signify that coffee bearing the mark had been traded fairly.⁹⁵ This soon led to the launch of the Max Havelaar Foundation⁹⁶ and its innovative fair trade labeling initiative in the Netherlands. The labeling strategy spread rapidly, with similar national initiatives launched in several European countries, Canada, the United States, Japan, Australia and New Zealand, and eventually Mexico, the first Southern country with its own labeling initiative. The premise was simple, as Nicholls and Opal explain:

ATOs and Fair Trade retailers realized that by sharing a mark that identified their Fair Trade business practices, they could benefit from joint marketing and education around the Fair Trade label and grow more quickly.... They could also protect their own promise of fair trading practices by subscribing to the same broadly recognized standards and submitting to independent audits of their transactions with producers.⁹⁷

Moreover, the consumer-facing labels were a tactical maneuver that would allow fair trade goods to be "mainstreamed" into conventional distribution networks like supermarkets and convenience stores where the vast majority of the public shops.

In 1997, the 17 then-existent national initiatives formed an umbrella organization, Fairtrade Labeling Organizations International (FLO). Headquartered in Bonn and structured as a nonprofit association, FLO took on the role of standard-setting that the national initiatives had formerly executed, including the development of certification standards for existing and new fair trade products.⁹⁸ FLO sets standards for small-scale producer cooperatives, systems that use hired labor (like plantations), and buyers and traders. The producer standards include provisions about transparent democratic governance (for cooperatives) and free association of workers and the right to collective bargaining (for plantations), occupational safety, sustainable production processes (including various environmental clauses), and access to technical training in agriculture and business skills.

Producer standards also proscribe the use of forced and child labor, discriminatory employment practices, and a range of harmful pesticides. Trader standards include the stipulation that buyers must provide prefinance of up to 50 percent of the expected value of a purchase to producers if requested (an advance credit facility), and the payment of both FLO-specified minimum prices and fair trade premiums, the latter of which are used to fund community development projects chosen by producers' representative bodies. FLO defines both *minimum* standards (which must be met for inclusion in FLO's fair trade registry) and *progress* standards, which set benchmarks for continual improvements in producer communities' production, governance, and business practices.⁹⁹ (See Appendix 2 for FLO's Standard Principles and links to product standards.)

FLO also licenses ATOs and mainstream businesses to use its certification label (launched in 2002) on their packaging and promotional materials; this label signifies that the product bearing it has met the FLO standards for fair trade. At present, FLO standards exist for the following commodities: avocados, bananas, cocoa, coffee, cotton, flowers, fresh fruit, honey, juices, nuts and oilseeds, rice, spices and herbs, sports balls, sugar, tea, and wine.¹⁰⁰ FLO has also developed standards for "composite" products where at least 50 percent of the total ingredients are sourced from fair trade producers, and standards for several other products are in development.¹⁰¹ Initially, FLO was responsible for overseeing audits of producers' and traders' compliance with fair trade standards, but in 2004 it created a subsidiary company specifically tasked with conducting certification audits, FLO-Cert¹⁰²; this company regularly inspects over 500 producer groups in more than 50 countries.¹⁰³ FLO also helps to coordinate connections between producers and traders to streamline supply chains, and offers market information and technical capacity building services to producers through its Producer Business Unit and a network of liaison officers in developing countries.¹⁰⁴

Because compliance with production standards and certification requirements is vouched for by the FLO certification label, the advent of product labeling allowed fair trade products to enter the mainstream retail sector in ever-increasing abundance. FLO's cost accounting techniques, including minimum prices and social premiums, have become one of the better known features of the fair trade system (discussed in Part 3).

It is important to note that FLO sets standards and FLO-Cert audits compliance for fairly traded commodities, but thus far not for cultural goods, which, due to their handcrafted heterogeneity, require a different approach to valuation and certification¹⁰⁵; fair trade handicrafts do not presently have a certification and labeling system, but most ATOs involved in the trade are members of IFAT and meet its criteria.¹⁰⁶ In 2004, IFAT launched its own "Fair Trade Organisation" (FTO) mark at the World Social Forum in Mumbai. The FTO mark can be applied to the promotional materials of IFAT member organizations to demonstrate their status as FTOs that have met the requirements of IFAT's Standards and Monitoring System.¹⁰⁷ The FTO mark is not a product label, but instead signifies the attributes of "mission driven organizations whose core activity is fair trade."¹⁰⁸ In conjunction with the FTO mark, IFAT has drawn up "Ten Standards of Fair Trade" (included in Appendix 3) that provide a useful overview of its vision of fair trade.¹⁰⁹

The ascendancy of mutually beneficial trade altered the alternative/fair trade movement considerably. Changes in business strategy, the development of standards and certification regimes, and a new emphasis on consumer-facing expressions of quality all meant that the movement was now better positioned to enter the mainstream and compete with conventional traders in an ever-growing range of products. This development succeeded in expanding the volume of fair trade—particularly in food products which became increasingly available on supermarket shelves and through other retail outlets. But it was also a radical

departure from previous precedents, and one that created a tension within the alternative/fair trade movement about its direction and integrity. While I focus on this tension in Part 3, it is helpful to note that concerns over mainstreaming had much to do with the ethical dilemma of entering the conventional markets that alternative traders had previously sought to distance themselves from, as well as the fear that fair trade would be diluted or co-opted by the conventional market.

SECTION 1.4: DEVELOPMENT OF TRADING PARTNERSHIPS AND THE MARKETING OF THE FAIR TRADE BRAND

Alongside increased mainstreaming, at the turn of the millennium the emerging trend in fair traders' business practices was toward more integrated partnerships between producer groups and importer/retailer organizations. As Tallontire explains, "in the past the ATO provided 'producer services', something for the benefit of the producer. This implied asymmetry in the relationship, with benefits flowing from the ATO to the producer. The concept of mutual benefits in trade evolved and became a broader partnership approach."¹¹⁰ This shift was reflected by a focus on creating new and innovative business models for fair trade organizations. In Europe, where the fair trade movement grew more rapidly, such partnerships have been more common than in North America and the Pacific Rim. A corollary development has been an increasing tendency to market fair trade on the level of a brand, which is examined further below.

Cafédirect is a leading example of a partnership-oriented fair trade organization. Set up as a for-profit company, Cafédirect was formed in 1991 by a partnership of four British ATOs—Oxfam, Traidcraft, Equal Exchange UK (no relation to the U.S. ATO), and Twin Trading—with a goal of entering Britain's mass coffee market.¹¹¹ A unique feature of Cafédirect's structure was that the producer cooperatives from which it imported were given

representation on its board and a stake in the ownership of the company. From a single coffee offering in 1991, Cafédirect expanded its product line to include teas, drinking cocoa, and roast, ground, and instant coffee, and by 2001, its products had penetrated all major British supermarket chains¹¹², achieving an impressive 8 percent share of Britain's roast and ground coffee market by the following year.¹¹³

In 2004, as its sales reached £20 million (accounting for 20 percent of all British fair trade sales)¹¹⁴, Cafédirect issued shares through a special matched bargaining system and raised £5 million in capital. While the founding ATOs and producer-partners retained a controlling stake in Cafédirect, the share offering was a fair trade first, giving members of the public a new way to engage with and support fair trade.¹¹⁵ Cafédirect also created what it calls a “Gold Standard” set of policies which exceed the minimum fair trade standards set by FLO in a variety of areas; one result of this policy has been Cafédirect's Producer Partnership Programme, which re-invests a significant percentage of operating profits (86 percent in 2004-5, or £574,000) into training and support projects in the company's 37 producer-partner cooperatives. Cafédirect has dubbed this practice “fairtrade plus”.¹¹⁶

The Divine Chocolate Company (originally Day Chocolate Company) is another example of the trend toward integrated trading partnerships in the fair trade movement. Its story begins with Kuapa Kokoo, a Ghanaian cocoa farmers' cooperative founded by some 2,000 farmers in 22 villages in 1993 that now numbers over 40,000 members in 1,300 villages and is responsible for 1 percent of the world's total cocoa output.¹¹⁷ Kuapa already had experience selling its cocoa through fair trade channels when, in 1997, its members approved a plan to launch their own fair trade chocolate bar brand aimed at Northern mass markets. Kuapa turned to Twin, which had provided start-up finance and advisory support to the cooperative in its early days, as a partner for the project. The Body Shop, which sourced

cocoa butter from Kuapa, also joined the venture. In 1998, Divine was formed as a private, limited company with shareholder owners: Twin (52 percent stake), Kuapa (33 percent), and the Body Shop (14 percent). The British charities Christian Aid and Comic Relief also assisted in the company's creation and promotion, and the British government's Department for International Development was instrumental in securing a one-off loan from a commercial bank.¹¹⁸ In a first for the fair trade movement, producer groups gained a significant role in the operations of a company processing and retailing fair trade products: Kuapa officials are directors on the company's board, one of every four Divine board meetings is held in Ghana, and Kuapa shares in Divine's profits.¹¹⁹ In mid 2006, the Body Shop donated its Divine shares to Kuapa, raising the latter's stake to 45 percent and giving the cooperative even more say in the company's governance.¹²⁰

Divine has had considerable success in the British confectionary market. Its Divine and children-focused Dubble bars, launched in 1998 and 2000 respectively, were designed and priced to go head-to-head with conventional offerings from Britain's big three chocolate bar lines (Cadbury, Nestlé, and Mars).¹²¹ Despite significant barriers to entry and a miniscule marketing budget in comparison with the competition, Divine bars have edged their ways into the British mainstream market, sitting on shop shelves in over 5,000 supermarkets, convenience stores, and other retail outlets.¹²² In 2004, its sales surpassed £5 million.¹²³

All of the cocoa Divine uses is produced and purchased according to FLO's fair trade standards, and the extra income and social premium payments Kuapa receives from fair trade have had a significant impact on communities in Ghana. Fair trade premiums have funded free medical care via mobile clinics for more than 100,000 Kuapa members and non-members, created scholarships for young people, built daycare facilities and four new schools, launched women's income-generating projects, and increased villagers' access to

clean water through over 170 well-digging projects.¹²⁴ Some results are less tangible, as Kuapa member Helena Bempong explains: “Fair Trade helps to boost the morale of the farmers and helps us financially. We are very proud of the cocoa that we grow; it is the bridge that brings people together.”¹²⁵ At the same time, Divine has been credited with influencing several British supermarket chains including Sainsburys and Tesco to launch own-brand fair trade chocolate lines; in 2002 the Co-operative Retail Group switched all of its own-brand chocolate lines to fair trade cocoa also sourced from Kuapa.¹²⁶ More recently, Divine has begun selling its chocolate in the United States, Canada, the Netherlands, and Scandinavia. As Divine’s U.S. affiliate’s CEO explained, “the U.S. is a \$13 billion chocolate market and even getting a small share of that back to cocoa farmers would really improve their livelihood.”¹²⁷

The Dutch company AgroFair, which markets fair trade fruit, is an example of an ATO that shifted models to increase the involvement and benefits accrued to its producers. Founded in 1996, AgroFair was initially set up as shareholder limited company fully owned by the Dutch development organization and ATO, Solidaridad—the group that launched the Max Havelaar label in the late 1980s. Early on, AgroFair pioneered the importation of fair trade bananas, mangos, and pineapples. In 2004, AgroFair restructured its business, with Solidaridad and other NGO partners retaining half its shares, and the other half of the ownership entrusted to the Cooperative of Producers AgroFair (CPAF). CPAF membership is available to all of AgroFair’s producer-supplier cooperatives, from 12 countries in Africa and South America, and allows these farmers to have seats on the company’s board, attend shareholder meetings, and share in the company’s profits.¹²⁸ AgroFair sells fruit under its Oké brand in 13 European countries and the United States¹²⁹, logging successes including a 35 percent share of the Swiss banana market and 15 percent of Finland’s.¹³⁰ But despite a

turnover of €45 million in 2005, the company showed only modest profits (€518,000) after considerable spending to launch lines of fair trade citrus.¹³¹ Assessing whether AgroFair had been a success by its tenth anniversary, CEO Jeroen Kroezen responded “yes and no.” While able to say yes and point to several accomplishments,

we would also say “No”, because AgroFair is still a niche player in most of its markets. No, because the volumes sold in AgroFair’s home market of the Netherlands are now lower than they were in the first years. No, because the majority of producers and workers in the tropical fruit industry are still working under abominable conditions. No, because in several countries only a limited proportion of the consumers who said they would buy Oké Fairtrade fruit, is actually buying it.¹³²

While innovative partnerships like Cafédirect, Divine, and AgroFair are by no means the norm for fair trade organizations at present, their successful models have caught the attention of other fair traders and conventional firms alike. Observers have begun to refer to such strategies as “commercial” fair trade and “responsible retailing.”¹³³ Some, like Cafédirect and AgroFair, are beginning to demonstrate the ability of fair trade to move beyond the niche segment that has thus far obtained in many markets. Placing producer ownership and a strong fair trade brand at the center of their approach and values, these sustained partnerships are pioneering a new approach to fair trade that has already proven itself capable of challenging conventional firms in the mainstream retail sector while continuing to uphold fair trade principles in a manner that is fully auditable, and even profitable (if such an end is sought).

Since the 1990s, the creation of fair trade marks by the national labeling initiatives, FLO, and IFAT has enabled the increased mainstreaming of fair trade. The marks have been prominently placed on the packaging of fair trade food products and the promotional materials of fair trade organizations, and the recurrent use of fair trade marks has helped to increase their recognition among dedicated “ethical consumers.” Nonetheless, fair trade marks were far from the only labels appearing on products and promotional materials. The

1980s green consumerism wave had seen a surge of product quality labels, some of which were independently certifiable and others of which lacked rigorous or auditable standards and were little more than corporate PR exercises.¹³⁴ This proliferation of labels left many consumers befuddled or dubious of labels' claims.¹³⁵ To overcome this "label fatigue" fair trade has sought new ways to market its brand that go far beyond a label on the product packaging. This effort has included initiatives that allow towns, religious institutions, and universities to be accredited as "fair trade" by meeting specific criteria about the availability of fair trade products and the extent of awareness-raising about fair trade in the community; this concept has been particularly popular in Britain, where by mid 2006 there were over 200 towns, 2,850 religious congregations, and 34 colleges and universities accredited as "fair trade" (see Appendix 4 for the criteria).¹³⁶ Fair traders have also made efforts to promote fair trade procurement in public and private institutions, as well as in the catering industry.¹³⁷ Annual events like Britain's Fair Trade Fortnight, combined with heavy promotion by anti-poverty groups (including Oxfam, an early ATO) have also raised awareness of the fair trade brand and the meaning behind it.¹³⁸ In conjunction with the launch of its FTO mark in 2004, IFAT began a "Global Journey" which combined educational and social events, marches, and endorsements by celebrities and political figures in a highly dispersed, round-the-world promotional campaign set to wrap up Europe in May 2007.¹³⁹ IFAT also organizes a World Fair Trade Day each May.¹⁴⁰

At the same time, the fair trade movement is reviewing ways to improve its labels' brand recognition. FLO is presently harmonizing the use of its certification mark among its 21 constituent national initiatives¹⁴¹, and has entered talks with the International Federation of Organic Agriculture Movement, an association of organic certification bodies from over 100 countries, about the possibility of developing a joint certification process for products that

are both fair trade and organic.¹⁴² Such a move would certainly be welcomed by Southern producers, as the rigors and costs of passing two certification audits (one for organic production and another for fair trade) have been a locus of growing frustration for many producer groups.¹⁴³ FLO and IFAT have an ongoing dialogue about the feasibility of developing a label for fair trade handicrafts, and IFAT reports “the two organizations are also closely working together to develop one overall, integrated Fair Trade Quality system for Fair Trade Organizations and Fair Trade products.”¹⁴⁴ As noted earlier, the four largest fair trade associations formed an informal working group called FINE in 1998 which agreed on a common definition of fair trade and its strategic intent in 2001. What role FINE may play as a coordinating body for the fair trade movement in the future remains to be seen.

SECTION 1.5: A SNAPSHOT OF FAIR TRADE’S SCALE AND IMPACT

Due to the movement’s diffuse nature, it is difficult to offer a complete picture of the scale or impact of fair trade, nor is such an undertaking the intent of this work. FLO only collects statistics about the products, producers, and traders which it has certified, meaning handicraft sales are excluded from its calculations. Groups like IFAT and NEWS, meanwhile, have many members which sell both certified and non-certified fair trade products (i.e., handicrafts) yet which often aggregate their sales figures, making it difficult to ascertain accurate breakdowns between commodity (or labeled) products and non-commodity goods. There have also been too few assessments of fair trade’s impact in producer communities, although recent years have seen increasing focus on such studies.¹⁴⁵

However, from its modest beginnings in pincushions and needleworks, fair trade has grown immensely in the interim five decades. Before reporting any other statistic, it must be stated that fair trade still accounts for a miniscule fraction of total global trade: in particular

product categories, it approaches 1 percent of total world trade, and in most categories it is closer to 0.1 percent of total trade.¹⁴⁶ In 2003, the strongest fair trade product—coffee—accounted for between 4 and 7 percent of the coffee market in several European countries, and about 3 percent of the U.S. specialty coffee market, or 1 percent of the total U.S. coffee market.¹⁴⁷ But despite its small market share, fair trade has been expanding impressively in recent years, averaging greater than 20 percent annual growth rates in sales for each year of the new millennium.¹⁴⁸

FLO figures for 2005 indicate worldwide sales of fair trade certified commodities of €1.1 billion, an increase of 37 percent over 2004.¹⁴⁹ The number of FLO licensees in 2005 jumped by 29 percent over 2004, to a total of 1,483.¹⁵⁰ In 2005, there were 508 FLO-certified producer groups in 58 countries, representing one million producers (or some five million people including dependents); this translated to a 127 percent increase over the number of certified producer groups in 2001.¹⁵¹

While FLO-certified commodities now make up the bulk of fair trade sales worldwide, some semblance of the scale of non-commodity fair trade can be determined from figures collected by the Fair Trade Federation (FTF) and IFAT. These groups calculate sales figures that exclude sales of coffee, tea, sugar, and cocoa by their members in North America (Canada, Mexico, and the United States) and the Pacific Rim (Australia, Japan, and New Zealand). For 2004, FTF and IFAT members in these regions reported total non-commodity sales of \$376 million.¹⁵² Krier estimated the non-commodity sales of European world shops to be about €60 million for 2005, out of a total European fair trade sales figure of €660 million.¹⁵³ One other figure of particular interest—and of major strategic concern to the movement—is the potential for growth in the U.S. market. Nicholls and Opal have calculated that “if typical market shares in Europe could be replicated in the USA then the

global Fair Trade market would increase by up to a factor of 20, perhaps approaching £20bn (\$35.8bn) per annum.¹⁵⁴

In terms of the added income for producers, during 2004 FLO-certified products alone accounted for an estimated \$1 billion in trade, which translated to about \$100 million in extra income paid to producers over conventional trade rates.¹⁵⁵ In a 2003 study of coffee farmers in Mexico, Murray et al found that fair trade coffee averaged twice the street price available from conventional local buyers; in real terms, the Majomut cooperative's members received \$1,700 for an average harvest of 1,500 pounds of fair trade organic coffee, compared to \$550 through conventional channels.¹⁵⁶ Parrish et al, in a 2002-3 study of Tanzania's KNCU coffee cooperative, found that fair trade participation yielded an extra \$607,480 in one season—a 38 percent differential over conventional rates.¹⁵⁷ For Ghana's Kuapa, fair trade premiums received between 1993 and 2005 amounted to more than \$2 million, equivalent to the annual primary school costs for 250,000 children.¹⁵⁸ In the Windward Islands, fair trade banana sales between 2000 and 2004 netted premiums of nearly \$500,000, paying for everything from the construction of nurseries and the purchase of furniture and equipment for primary schools to the installation of street lights, the building of a community center, and the upgrading of facilities like latrines, farm access roads, and bus shelters.¹⁵⁹

Among the more difficult to measure impacts, researchers have frequently noted that producer groups involved in fair trade benefit from improved access to credit, greater social and economic stability, stronger likelihood to obtain or maintain land titles, increased self-esteem and community morale, heightened access to education for children and training for adults, improved knowledge of business skills, and deepened relations with Northern partners.¹⁶⁰ To these positives must be added the critiques of fair trade that it presently

involves only a small percentage of the world's impoverished producers, that its sales volume is not high enough to absorb all of the production generated by producers already involved in the movement, and that fair trade's current emphasis on handicrafts and food commodities does little to alter producers' dependence on products that may face continually diminishing returns in the long run.¹⁶¹

Gendron et al have argued that "the real impact of fair trade on conventional trade is best demonstrated using qualitative rather than quantitative terms." They note that "[t]he existence of fair trade itself serves as an ethical reference, fixing the standards of social responsibility by which large enterprises and their operations are now judged."¹⁶² Similarly, Tallontire has suggested that "[t]he key role for fair trade appears to be as an innovator and catalyst rather than as a major trader in the market."¹⁶³

PART 2: AN ALTERNATIVE HISTORY OF THE FAIR TRADE MOVEMENT

The preceding discussion offers a sweeping overview of the changes and developments within the fair trade movement during its five-decade history. However, there are a few potential misunderstandings in this approach which should be addressed. First, there is a strong tendency in the fair trade literature to view the preceding historical stages as categorically sequential, with the onset of one stage essentially replacing the preceding stage.¹⁶⁴ This view is erroneous, and has contributed to overly simplistic analysis of fair trade that frequently conflates ideas relevant to only part of the movement with the entire movement, and which arbitrarily ignores other parts of the movement altogether. For instance, there is a common misconception that all fair trade products have floor prices, when these relate only to FLO-certified commodities, and not at all to handicrafts. Another common misconception resulting from a misreading of the movement's history is that the

network of goodwill and solidarity sellers' world shops has disappeared in the era of fair trade mainstreaming; in fact, this alternative distribution network—along with catalogs and their 21st Century equivalent, websites—continues to play an important distributive and awareness-raising role in the fair trade movement.

Such misunderstandings are related to and arise from a core tension in the fair trade movement, which I shall address for the remainder of this thesis. The tension arose at a turning point for the fair trade movement—the launch of the labeling initiatives that, as described in section 1.3 above, allowed fair trade to enter the mainstream. The adoption of a mainstreaming focus during the “mutually beneficial trade” phase prompted many within the movement to ask where its focus should be: was fair trade in or against the market? That is, was the alternative/fair trade movement building a parallel, alternative market to that of conventional markets—a real moral economy of its own? Or was the movement instead carving out a fairer niche within the conventional market system, with reformist intentions rather than more revolutionary aspirations? Or was fair trade, in fact, doing both? Exploring this dilemma affords an opportunity to move toward a fuller understanding of the movement's history. Before undertaking that analysis, however, it is necessary to briefly introduce an alternative framework that offers insights into the origins of the aforementioned tension. In this area, Gavin Fridell has offered a critical approach which I take up here as both a wider context for the preceding historical analysis and a pretext for the exploration of the movement's disjuncture concerning its place in or against the market. Since Fridell's terminology varies slightly from that preferred in the wider literature, I use *italics* to distinguish his terms from the phrasing elsewhere in this thesis.

Fridell draws a distinction between what he calls the *fair trade network* and the broader *fair trade movement*.¹⁶⁵ He describes the *fair trade movement* as a loose and informal group of

governments, international associations, and NGOs which—rooted in an economic outlook largely derived from dependency theory—have sought to use state-centered market regulations to protect poor farmers and workers in the South from the vagaries of global markets and the inordinate power of the rich countries and TNCs.¹⁶⁶ Fridell defines the *fair trade network* as the narrower grouping of NGOs, Southern producers, and Northern partners that trade together within a system of fair trade rules (i.e., IFAT, FLO, ATOs, and associated groups). Fridell situates the *fair trade network* within the *fair trade movement*.¹⁶⁷

Among the *fair trade movement's* signal gains was the Bretton Woods Institutions' passage of the Havana Charter in 1947 enabling the creation of commodity control pacts like the International Coffee Agreement¹⁶⁸ which set price bands and export quotas in an effort to control price fluctuations in commodities that were the backbone of many developing countries' economies. Another was the 1964 United Nations Conference on Trade and Development (UNCTAD), where resolutions were adopted to foster greater southbound flows of wealth and to increase subsidies for Southern primary producers. Fridell sees the *movement's* apex as the enshrinement of Southern demands for fairer trade in the 1974 UN Programme of Action for the Establishment of a New International Economic Order (NIEO) and the 1976 UN Charter of Economic Rights and Duties of States.¹⁶⁹ Although implementation of the UNCTAD resolutions and the NIEO faltered, two takeaways for the *movement* and the *network* were their first slogan, “trade not aid”, and the concept of “unequal exchange” outlined by economist Raúl Prebisch.¹⁷⁰

Pointing to 1970s measures like UNCTAD's promotion of compensatory finance schemes—which guaranteed recompense for poor producers if market prices for their goods fell below agreed levels—and the European Community's STABEX accord, which subsidized Southern producers as a compensatory aid measure to former European colonies,

Fridell contends that the *fair trade movement* (and within it, the *network*) drew much of its economic outlook from the school of dependency theory spearheaded by Prebisch. In Fridell's words, "the *fair trade network* was significantly influenced by the broader *fair trade movement*, which set the context within which it evolved. From the movement, the *fair trade network* drew an emphasis on combating unfair commodity prices and on attaining 'trade not aid.'" [italics added].¹⁷¹ Fridell continues:

Convinced by dependency theorists that the world capitalist system was incapable of providing developmental benefits to the poor majority in the South because of the mechanism of unequal exchange, fair traders aspired to create a parallel trading system that would open alternative markets for Southern products. In these alternative markets, prices would not be determined by the vagaries of supply and demand, but would be formed through a process of negotiation between producers and consumers based on the premise of fairness to all parties.¹⁷²

Fridell calls this the *fair trade network's* first phase, dating it from the 1940s to 1988—roughly aligned with Tallontire's goodwill selling and solidarity trade stages as outlined earlier.

For Fridell, the *fair trade network's* second phase (1988 to present) corresponds with the collapse of the broader *fair trade movement* amid the ascendancy of neoliberalism marked by the expansion of the GATT into the World Trade Organization and the dissemination of Washington Consensus structural adjustment policies that dismantled state-supported development projects and protectionist programs in many parts of the world; among this era's casualties were the international agreements that had helped stabilize commodity prices for decades. It is during this second phase, Fridell asserts, that the *network* drifted from its one-time commitments to the *movement's* vision of statist regulation and compensatory trade pacts, and instead reoriented itself to playing within the new neoliberal parameters. Based on an analysis of a 1993 book¹⁷³ by the British ATO leader Michael Barratt Brown (widely considered the first holistic treatment of the alternative trade movement), Fridell delineates two clear differences between the *fair trade network's* first and second phases, the former of which had been Barratt Brown's focus. First, Fridell says, the *network* has abandoned its

focus on the state as the primary agent in development, replacing the state with NGOs; and second, the old focus on the creation of a parallel trade system has been replaced by an emphasis on entry into the conventional market, albeit with hopes of reforming it from within.¹⁷⁴

Consistent with other accounts of the alternative trade movement's history, Fridell notes that the *fair trade network's* second phase has been characterized by rapid increases in its volume of trade and the mainstream acceptance of its products, as exemplified by the decisions of more consumers, supermarket chains, TNCs with food product lines, and public institutions to carry or procure fair trade certified products.¹⁷⁵ Fridell argues that "the *fair trade network* represents a model that is voluntarist, market-dependent, and member-specific" in which "the prices for fair trade goods and the size of the fair trade market niche ... are entirely dependent on the whims of Northern consumers." [italics added]¹⁷⁶ Moreover, he contends, the need to expand the *network's* niche has led it to curry favor with the very TNCs, rich country governments, and international financial institutions that have been the primary drivers and beneficiaries of the implementation of the globalized neoliberal system. As such, concludes Fridell,

This situation represents a victory for neoliberal reformers, and reveals that the growth of the *fair trade network* can only be properly understood historically as the flip side of the decline of the *fair trade movement* and its broader objectives. [italics added]¹⁷⁷

Fridell's conclusion teeters on the edge of the rather indefensible view that fair traders should have given up at the onset of globalized neoliberalism, and he largely ignores the fact that the *fair trade network* has shown a clear linkage to the *movement* by continuing to support alternative price systems for Southern producers as a means to counter the effects of Northern governments' massive agricultural subsidies to Northern producers in an era of purportedly "free trade." An alternate viewpoint, argued by Gendron et al, suggests that fair

trade is best seen as a leading example of the “new social economic movements” that have “become a means for citizens to construct political action within the market where unsatisfied demands on the political system can be expressed in the era of globalization.”¹⁷⁸ As such, they continue, fair trade “cannot be uniquely seen in economic terms because it is principally in the social and political spheres that it draws its *raison d’être*.”¹⁷⁹

These arguments aside, Fridell’s analysis is useful in showing the broader philosophical roots of the fair trade movement (as I have used the term) as well as the particular challenges the movement faced in the late 1980s and early 1990s. Fridell also makes a critical connection by drawing a distinction between the *fair trade network*’s two phases, for the onset of the *network*’s second phase corresponds to the creation of the first fair trade mark, the Max Havelaar label launched in 1988, and the subsequent proliferation of national labeling initiatives that led to the creation of FLO. As detailed in Section 1.3, it was the creation of fair trade labels which enabled the fair trade movement to enter the mainstream and carve out a niche for itself that resulted in increased sales and wider recognition among consumers—but which also precipitated the movement’s disjuncture about its place and purpose, the tension to which I now turn.

PART 3: IN OR AGAINST THE MARKET?

REALISM AND IDEALISM IN THE ALTERNATIVE/FAIR TRADE MOVEMENT

Within the alternative trade movement, the reorientation into the mainstream was met with mixed emotions. For some, entering mainstream conventional retail markets signified a departure from the foundational cause of the movement—the construction of a parallel, alternative trading system based on a set of principles different from the conventional trade system’s imperatives. For others, labeling and mainstreaming meant scalability—the

possibility of spreading the fair trade message to a mass consumer segment, entailing the ability to bring many more impoverished producers into the system—and also the chance to “teach by example,” to demonstrate that trade could be conducted differently—more fairly, even better—than the conventional system had thus far managed to do. This is the underlying tension referred to in the polarized phrases—“in and against”, “inside and outside”—that I laid out at the start of this thesis.

In the early 1990s, this disjuncture became reflected in the very name of the movement, which had referred to its activities as “alternative trade” since the earliest stages. As FLO-certified products surpassed traditional “alternative” handicrafts in sales, the movement’s discourse and name shifted to embrace the term “fair trade.” While this phrase clearly emphasized the “fairness” attributes of the products and the terms of trade behind them—a trait that had always been part of “alternative trade” too—there was also a slightly less politicized tone to the term “fair trade.” As IFAT’s Carol Wills explained,

The word “fair” wasn’t the word that was used at all to start with, it was “alternative”; that these types of organization were providing an alternative to conventional international trade which tended to marginalize small producers. I think alternative was rather a good word, because it was alternative in all kinds of ways: cutting out the middleman, trading directly...; alternative distribution channels; alternative work force, volunteers in many cases... But then the word went out of fashion in a lot of countries and tended to get associated with brown rice and sandals and beards... It was just not seen to be the right word anymore. Well, [Britain’s national labeling initiative] the Fairtrade Foundation came in at the beginning of the 90s and the phrase “Fair Trade” began to be more widely used...¹⁸⁰

In 2005, reflecting the discursive shift from “alternative” to “fair” trade, IFAT changed its name from the International Federation of Alternative Trade to the International Fair Trade Association, although it retained its familiar acronym.¹⁸¹ The motion to include the word “fair” in IFAT’s name had been opposed at the 2005 IFAT general assembly, but the name change was implemented nonetheless.¹⁸² This semantic shift is indicative of a deeper and ongoing philosophical debate within the movement about where it is headed and what it is doing. And although the tension partly reflects the circumstances of the movement’s origins

being simultaneously “from the top” (Northern ATOs) and “from the grassroots” (Southern producers)¹⁸³, it should be noted that most of these debates have played out in the global North, and that considerably more research is needed into the views, concerns, and strategic priorities of Southern fair trade stakeholders.

There are two tendencies within the alternative/fair trade movement. On the one hand, there are those who, based on a critical understanding of structural limitations in the conventional capitalist system, have pushed for the gradual construction of a parallel alternative trade system; I call this trajectory the *idealist* position, which can be linked to the movement’s use of the term “alternative.” On the other hand, there are the advocates of mainstreaming, who are driven by the imperative of maximizing the volume of fair trade and thus the quantity of fair trade’s beneficiaries; I refer to this as the *realist* position, which is more closely aligned with the use of the term “fair.” Gendron et al have labeled this polarity in the fair trade movement a “clash between a ‘radical and militant’ pole and a more ‘soft and commercial’ one.”¹⁸⁴

The idealist position has its roots in the early stages of the alternative trade movement—what Tallontire called the goodwill and solidarity stages, or what Fridell calls the first phase of the *fair trade network*—and corresponds to Gendron et al’s “radical” and “militant” pole. It is rooted in a worldview that sees limited capacity or motivation for conventional traders—whose profits are deeply linked with the maintenance of power asymmetries in trade relations—to provide benefits to highly marginalized producers. To resolve this impasse, proponents of the idealist position began laying the groundwork for an alternative trade system that would bypass conventional trade channels and their related mores by actualizing a network of exchange based on solidaristic ties, direct purchases, mutually agreed pricing, and an avoidance of confrontational or competitive negotiation and practices. This

alternative system would thus stand against and outside the conventional system, relying on its own parallel networks of exchange. It is generally understood and accepted among the idealists that the construction of the alternative trade system is a long-term project that may have limited benefits in the short-term, and that for a time it might have to serve more as an exemplar than as a major player in international trade.

The realist position aligns with Tallontire's mutually beneficial trade, trading partnerships, and marketing of the fair trade brand stages, and with Fridell's *network*'s second phase. The realists, while accepting many of the idealists' structural critiques of conventional trade, also saw limitations in the nascent alternative trade system—particularly with regard to scale. The realists thus sought to develop auditable standards and consumer-facing certification marks which would allow alternative trade to enter the conventional mainstream; they are what Gendron et al have called the “commercial” or “soft” pole of fair trade. The realists' strategy proposed that, rather than constructing an alternative trade system parallel to the conventional one, the imperative of providing maximized benefits to producers required the fair trade movement to enter the conventional trade system. As the head of the U.S. national labeling initiative, Paul Rice, put it, “We're about trying to get as many farmers as we can into this model so that they too can get a better price for their products and improve their living standards.”¹⁸⁵ For the realists, the perceived opportunities of embedding fair trade within the market as opposed to outside it included the capacity for rapid scaling up through already existing distribution networks and the chance to act as models which, by highlighting their successes and normative standards, might provoke reform within the conventional system and reorient conventional traders' “business as usual” practices toward measurable commitments to greater fairness.

A limitation of the realist approach is that fair trade certification, as practiced by the leading realist organization FLO, applies only to the conditions of the producer community and the commodity chain from producer to initial buyer; FLO standards do not impose or imply any conditions on the trading practices of organizations *once they have purchased* certified fair trade products, which means that large for-profit corporations and conglomerates that do not adhere to the wider principles of the movement can still partake in a limited (from the idealist perspective) form of fair trade alongside more fully committed traders—and it all occurs under the same certification mark. In this regard, the realist position can be seen as one based on meeting an accepted and certifiable set of *minimum standards* for producer well-being and moving products through the commodity chain, yet which leave room for considerable ambiguity about other aspects of business. Conversely, idealists tend toward a holistic view of fair trade that goes beyond product standards and emphasizes the need for alternative practices throughout the fair trade process. Idealists often implement practices such as cooperative management within their Northern operations, insisting that these conditions should be met by all fair traders and not just Southern producer communities. The idealist position thus tends toward a maximal view of fair trade as a *way of being* and eschews a minimalist focus on the transactional aspects of trade. IFAT's FTO mark, launched in 2004, aims to be a label for organizations that adhere to this model of fair trade practice.

Given this philosophical disjuncture, the shift toward mainstreaming of fair trade created several tensions for the movement. Indeed, one of the realists' perceived advantages of mainstreaming also engendered one of its challenges: the sudden ability of very large and more experienced businesses to partake in the retailing of fair trade products. Small but full-fledged fair traders were threatened as they faced competition from large conventional

retailers that had opted to sell labeled fair trade products. In mid 1999, U-landsimporten—then Denmark’s largest ATO and the organization responsible for launching the Danish Max Havelaar fair trade label—saw its own coffee lines pushed off supermarket shelves by conventional retailers’ fair trade labeled coffees.¹⁸⁶ In Canada, Planet Bean, a 100 percent fair trade coffee roaster, encountered difficulties getting supermarkets to stock its coffee since many chains had already opted to carry a single fair trade line distributed by the major Canadian roaster Van Houtte.¹⁸⁷ The ability of conventional traders to procure certified fair trade products as a miniscule percentage of their overall product array, yet to benefit from the ethical “halo effect” of association with fair trade, has been dubbed “fairwashing.”¹⁸⁸ Moreover, where once ATOs had filled the demand for fair trade goods with minimal competition, in the age of mainstreaming ATOs faced a steep learning curve if they were to hold their ground against better capitalized companies with massive promotional budgets and ingrained clout in the conventional distribution networks.

Marketing to a more mainstream audience thus created tensions for fair traders. While quality could certainly be used as a selling point, this product characteristic was not unique to fair trade, nor was it the primary focus of the organizations involved in the marketing. Another complication, noted by Low and Davenport, is that “those motivated to join ATOs do so because they want to promote [fair trade] and improve lives, not because they want to market great-tasting coffee.”¹⁸⁹ As Claudia Salazar-Lewis, a product development manager at Cafédirect, explained,

We want people to buy because it is good quality and once the people start buying it because it is a very good product, then people will start getting the (fair trade) message... It’s not that we wanted to do it that way, it just came out in all the different studies that they are more concerned about the quality of the product than the fair trade element.¹⁹⁰

Mainstreaming also sparked debate between idealists and realists about the extent to which fair trade principles should apply in the North as well as the South, especially as

neoliberal policymaking dismantled worker protections across the board.¹⁹¹ If the Southern groups that supplied fair trade products must meet criteria about democratic organization and the right to unionize, for example, should Northern organizations also have to meet these standards?

The example of Starbucks as a fair trade licensee provides a useful case study for analyzing a number of the idealist-realist tensions raised by mainstreaming. Starbucks is the world's largest specialty coffee roaster and retailer; between company-operated stores and licensed franchises, Starbucks has 9,401 retail outlets in the United States, and 3,767 outlets in 38 other countries worldwide¹⁹², logging some 44 million customer visits *per week*.¹⁹³ The company also sells its branded merchandise via an extensive distribution network including supermarkets, bookshops, and other chain retail outlets. Initially, Starbucks opposed the procurement of fair trade coffee, but in 2000 the company did an about-face and began purchasing fair trade coffee amid the threat of nationwide protests organized by the U.S. nonprofit and fair trade advocacy group Global Exchange.¹⁹⁴ In 2001, Starbucks purchased 1 million pounds of fair trade certified coffee.¹⁹⁵ By 2003, this figure had increased to 2.1 million pounds and the company was selling fair trade coffee in its stores both in bags and as its "coffee of the day" once a month.¹⁹⁶ In 2004, Starbucks was the world's largest single buyer of fair trade coffee¹⁹⁷ and for fiscal year 2006, Starbucks purchased 18 million pounds of fair trade certified coffee, making it the largest buyer, roaster, and retailer of fair trade coffee in North America.¹⁹⁸ In 2004, Starbucks also launched its C.A.F.E. Practices code of conduct that mimicked aspects of fair trade, including a prefinance facility for producers and the payment of premium prices (which have hovered near the FLO-determined fair trade minimum price and in some cases even exceeded it).¹⁹⁹ From a realist perspective, Starbucks'

policy shifts and increased fair trade procurement are signals of success for fair trade in the mainstream, ultimately yielding increased benefit to producers.

For fair trade idealists, while these numbers are undeniably large, Starbucks epitomizes many of the characteristics of the conventional trade system that they long ago set about trying to build alternatives to. Idealists note that Starbucks has long refused to disclose information about the plantations where the bulk of its coffee was sourced and that Starbucks' much vaunted corporate social responsibility codes lack the rigorous independent verification that fair trade roasters routinely partake in.²⁰⁰ They also stress that Starbucks is a highly stratified company with massive pay and benefits disparities and a long history of opposing unionization among its staff.²⁰¹ Starbucks has also been known to source coffee from plantations where child labor was used and has directly contracted U.S. prison labor for some of its packing operations, among other discordant attributes.²⁰² All these are anathema to fair trade principles, but because FLO's standards apply only to producer communities and to the actual transaction between the producer and initial buyer, Starbucks is accepted as a licensee of FLO's fair trade label. Idealist detractors also note that Starbucks' fair trade procurement is minimalist, amounting to between 1 and 6 percent of the company's total coffee procurement.²⁰³

Given these facts, idealists have argued that fair trade is essentially an ethical shield for Starbucks (and other conventional retailers), allowing them to deflect activists' criticism and benefit from the fair trade halo effect without committing to the deeper principles of the movement by altering their business practices. Moreover, as Young describes:

Fair trade has also now been adopted by the commercial sector, not as a principle for business, but as a useful marketing tool which differentiates them in the market and has some benefit to the producer too. Fair trade has become one of the tools in the CSR armament rather than a basis for doing business.²⁰⁴

The idealist-realist tensions boiled over in 2004, when a group of 100 percent fair trade coffee roasters pulled out of the TransFair USA certification system (the FLO-affiliated national labeling and certification body in the United States) while committing themselves to remain fully fair trade and transparently auditable.²⁰⁵ As one of the roasters declared at the time, “Without people outside the increasingly corporate-friendly TransFair system pushing for the original vision of a better model, [the movement] will be watered down into nothingness.”²⁰⁶

The realist response was delivered by Paul Rice, the director of TransFair USA, who argued, “If a corporate giant roasts a million pounds of fair-trade coffee in one year, they are still doing far more than some of the smaller 100-percent roasters will in their entire history.”²⁰⁷ Rice’s underlying point was consistent with the realist position that the opportunity to trade at such volumes enabled the maximization of benefit to producers, even as it dismissed longstanding ATOs’ involvement in building the movement. Realist positions like Rice’s have caused discomfort among the more idealist-inclined fair traders. For instance, IFAT’s Carol Wills has noted reluctance among IFAT members to explore closer integration with FLO because of the latter’s mainstream linkages:

Not all fair trade organizations are sure they want to be associated with the FLO certification mark because it’s carried by the likes of Starbucks and others and our members say, “We are not Starbucks and we don’t want to be associated in the minds of consumers with the Starbucks of the world. We believe that those organizations giving the impression that they are Fair Trade somehow dilute Fair Trade.”²⁰⁸

The gulf between TransFair USA and the idealist roasters that split from it in 2004 was eventually bridged, but not without some careful posturing by both sides. Rice, speaking much more diplomatically by 2007, said, “I think from Starbucks’ perspective, they are doing a lot. From the perspective of the Fair Trade activist community, I think that there’s a strong feeling that Starbucks could and should do more.”²⁰⁹ Dean’s Beans, one of the 100 percent

fair trade roasters that fell out with TransFair in 2004, neatly encapsulated the idealist take on the realist-idealist tension on their website:

There are only two ways to know that the particular coffee you are drinking is Fair Trade. First, if the package contains a Fair Trade Certified logo from Transfair USA. This organization certifies coffee transactions, not companies. So if you see the Transfair logo on a coffee, you can be sure that the company paid a Fair Trade price for that batch. It doesn't mean that the company is committed to Fair Trade, has prefinanced anything, has a long term relationship with that farm group or any of the other, deeper commitments of Fair Trade, regardless of the generalized language several Transfair licensees use to describe Fair Trade, and (by association) their own practices. But at least the farmers got a Fair Trade price for that coffee. The second way to be assured that Fair Trade and even broader trade justice practices are undertaken is if the company is a member of the Fair Trade Federation (FTF). FTF coffee members are committed to being 100% Fair Trade, as well as incorporating a host of social and economic justice principles and practices into their businesses.²¹⁰

Despite such instances of discord, these two tangential positions have remained under the same tent even as the tension over the movement's direction—over whether it is “in or against” the market—remains palpable.²¹¹ In his article discussed earlier in Part 2, Fridell also makes the point that some groups, like Oxfam, have maintained positions which situate them in both the *fair trade movement* and the *fair trade network*, simultaneously advocating commodity agreements and state-supported socioeconomic policies (the *movement*) and promoting the continued growth of voluntarist fair trade activities (the *network*).²¹² I would argue that, within what Fridell calls the *fair trade network*, the sort of dualism that Oxfam has exhibited is quite widespread, and has manifested itself in the form of the idealist-realist tension. Indeed, the idealist and realist positions are not mutually exclusive, nor are they rigidly polarized. Drawing too strict a dichotomy risks oversimplification by conflating contestations over strategic outlooks with (barely existent) disputes over fundamental values.

A case in point: Many ATOs that subscribe to the idealist goals of constructing an alternative trade system do so while trading products that are certified by the realist organizations. And while labeling has been part and parcel of the drive toward mainstreaming in fair trade, the accompanying standards—and the concomitant ability to transparently audit against these standards—have been one of the movement's major

advances, embedding a set of principles that essentially account for the triple bottom line of business success, environmental sustainability, and labor well-being into a segment of the conventional market system. These standards have also allowed the movement to compare itself favorably in terms of credibility and holism against conventional firms' more voluntaristic codes of conduct. As Tallontire notes, among the variety of ethical trading and business codes of conduct, "Fair trade is the only approach to responsible trade that actually includes criteria on the terms of trade."²¹³ Furthermore, Gendron et al point out that as a result of fair trade's standards, "companies must now work with a definition of their social performance fixed not only by their public relation specialists, but also by a myriad of NGOs comprising of as many Southern actors as Northern militants" (where "militants" means idealists).²¹⁴ Despite concerns about certification's limitations, idealist members of the movement have benefited both from the system's credibility and from the increased exposure afforded by the marketing of the fair trade brand carried out in large part by realists. For this reason, most idealist ATOs that trade products in the range of FLO-certified commodities opt to use the FLO labeling system on these products, although many also subscribe to IFAT's FTO mark standards.

Planet Bean, a small Canadian cooperative company that trades in several fair trade food products, is an example illustrating the interconnectedness of the idealist and realist positions. While Planet Bean is committed to laying the groundwork for an alternative trade system, and entrusts its long-term viability to the formation—with several other cooperatives—of an overarching "mother cooperative" that will create economies of scale in a variety of its operational areas, Planet Bean continues to roast and sell 100 percent TransFair Canada-certified fair trade coffee, as well as chocolates and teas certified by FLO affiliates in Europe, and actively markets its coffee to mainstream supermarket chains.²¹⁵

The critical point is that fair trade actors espousing idealist and realist positions share many of the same convictions and are interdependent to a large extent. This confluence of opinion, despite underlying tensions, is what allowed the leading fair trade associations to develop a jointly accepted definition and strategic intent statement for fair trade in 2001 under the auspices of FINE. Idealists *and* realists are fundamentally committed to assisting marginalized and impoverished producers through direct purchases, long-term relations, and trade based on mutual respect. Each of the positions holds the core belief in maximizing the return to the primary producer, which distinguishes both of them from conventional traders whose primary objective is maximizing profit. To note these core commonalities is not to say that the idealist-realist tension doesn't express real differences in fair traders' beliefs. As even a cursory examination of price calculus—one of fair trade's most fundamental divergences from conventional trade—makes clear, idealists and realists can differ in practice while concurring on aims.

While some fair trade observers make the mistake of reducing the entire movement to little more than a system of price floors²¹⁶, this position ignores the wider principles of the movement. And while FLO has made minimum prices a major aspect of its current fair trade standards, this system has never obtained in the considerable network of trade in handicrafts and cultural goods that comprises a significant—though now minority—portion of the fair trade system. Moreover, there is considerable debate within the movement about the best way to determine “fair” prices. Most in the movement agree that a minimal standard is for the producer to receive a remunerative price, or one that covers the costs of sustainable production. This view has a long history that can be dated at least as far back as Adam Smith, who said “It is but equity, besides, that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to

be themselves tolerably well fed, clothed and lodged.”²¹⁷ As Fridell’s argument implied, the experience of the postwar international commodity agreements, with their price bands for staple commodities, was also influential on the thinking of fair traders—particularly FLO.²¹⁸ While FLO’s minimum price system is more complex than generally acknowledged (see Appendix 2), including variations for regional costs of living and product quality, researchers Nicholls and Opal offer a simplified version of FLO’s price formula as equal to “cost of production + cost of living + cost of complying with Fair Trade standards”²¹⁹ FLO standards also require the payment of a social premium to producers on top of the minimum price, which is directed toward community development projects chosen by cooperatives or disbursed to hired workers for their own livelihood improvement. FLO itself contends that “Fairtrade is a market-responsive model of trade: the farmers only receive the Fairtrade Minimum Prices and Premiums if they have a buyer willing to pay them, and many producer groups continue to also sell in the conventional market.”²²⁰

Noting the criticism that floor prices may distort market mechanisms²²¹, researchers Hira and Ferrie have proposed the idea of adjusting the fair trade minimum price from one of guaranteed floor prices to one that, through negotiated agreements, guarantees “a minimal percentage of the final price to farmers, thus preserving the efficiency and flexibility of the price signal to reflect market supply and demand conditions.”²²² The Mexican coffee cooperative La Selva has advocated reducing the fair trade minimum price in the hopes of increasing fair trade demand, while also suggesting that producer participation in fair trade should be for delimited periods of time in order to increase producer incentives to improve operations and diversify their clientele.²²³ There are also increasing calls for FLO’s minimum prices to be more fully differentiated vis-à-vis quality, so that fair trade product lines can be segmented at several quality levels and price points.²²⁴

Many ATOs involved in the trade of handicrafts negotiate prices directly with producers in a collaborative discussion that balances the buyer's understanding of consumers in Northern markets and the producers' understanding of their costs of living and production, in a process that resembles a melding of labor and subjective theories of value. As Martha Lynd, a researcher and ATO businesswoman, explains:

We at Maya Traditions together with the weaving groups' representatives calculate the production costs—the costs of thread and time involved in producing a weaving. We factor in the additional costs for the other materials and the sewing time required to manufacture the weaving into a finished product. By comparing these costs with an estimation of the amount we can charge for the item in the U.S. market, we can determine whether an item will be competitively priced or whether it will be too expensive. We pay the weavers the highest price the business can afford. Part of our fair trade commitment means that we maintain a low markup.²²⁵

These negotiations can be challenging, as Paul Myers of Ten Thousand Villages explains:

It becomes sensitive at the point where we determine what's fair, and then we add on our costs, and then the price we need to charge for it at the end is too high. At that point we have to go back to the artisans and say, "We can't buy it because we can't sell it at that price."²²⁶

Such discussions often lead to small simplifications in product design which result in a price that both parties agree is fair.

Krier, in a survey published by the four composite members of FINE, defined a fair price as one that is "mutually agreed between Fair Trade producers and buyers with the objective of providing a living wage and of covering the costs of sustainable production (all production costs are taken into account)."²²⁷ An alternate view is provided by EFTA's Marlike Kocken, who has suggested that "[i]t might be better to give up the image of paying a fair price, particularly for handicrafts. It would be closer to reality to say that Fair Trade pays the maximum amount that is feasible on the market."²²⁸ In short, while there is no firm consensus on the precise definition of a "fair price" within the fair trade movement, idealists and realists do agree on the fundamental points that prices should be remunerative and that profit should not be the primary motivation in trade relations. Indeed, fair trade—of both the idealist and realist variety—is characterized by its overt commitment to the

deprioritization of profit-seeking, to the extent that some highly successful fair trade organizations are also nonprofits, while even the newest generation of for-profit fair trade companies prioritize profit only to the extent that it can be achieved while meeting the range of fair trade principles (or, as in the case of Cafédirect’s “fairtrade plus”, exceeding them).

This brief presentation of fair traders’ views about price—while far from exhaustive—is illustrative of the commonalities among realists and idealists even in the absence of complete agreement. Clearly, fair traders in both camps acknowledge that they must respond to market imperatives—but not at the expense of their core values and commitments. Nonetheless, fair traders’ intentional deprioritization of profit maximization has struck some neoliberal observers as suspect. One prominent neoliberal critic, Brink Lindsey, has characterized fair trade—in language not unlike that once reserved for lampooning the strategies of what Fridell called the broader *fair trade movement*—as another of those “well-intentioned, interventionist schemes to prop up prices above market levels” that ignores “market realities.”²²⁹ However, such critiques of fair trade (based largely on the perceived distorting effect of fair trade’s partial use of floor prices) are not entirely grounded. Beviglia Zampetti has argued that fair trade prices are “not necessarily antagonistic to traditional market-based efficiency maximization”²³⁰ since, as Becchetti and Adriani point out,

The bilateral definition of a price different from the market one has strong microeconomic grounds. We must consider in fact that, traditionally, trade in primary products occurs between a monopolistic/oligopolistic transnational company which buys from a large number of atomistic LDC [less developed country] producers at a price which is affected by the relative bargaining power of the two counterparts. The fair trade price may therefore be ideally considered as the market price which would prevail if the two counterparts would have equal bargaining power and may therefore be viewed as a non governmental minimum wage measure taken by private citizens in developed countries.²³¹

Moreover, such neoliberal critiques of fair trade price systems employ an elitist double standard, as Peter Singer elucidates:

Pro-market economists don’t object to corporations that blatantly use snob appeal to promote their products. If people want to pay \$48 for a pound (0.45 kg) of Jamaican Blue Mountain coffee because that’s what James Bond prefers, economists don’t object that the market is being

distorted. So why be critical when consumers choose to pay \$12 for a pound of coffee that they know has been grown without toxic chemicals, under shade trees that help birds to survive, by farmers who can now afford to feed and educate their children?²³²

Ultimately, the more holistic sense of cost accounting to which Singer refers is what alternative traders originally sought to infuse in their trade relations with producers, and is the same one that fair traders have succeeded in injecting into the conventional market—at least as a conceptual challenge to narrowly economic “generally accepted” accounting principles. As Gendron et al have convincingly argued of fair trade,

One must recognize that the incursion of militant action in the economic arena is not without risk, and that commercial logic may alter social movements. However, the inverse is also true: the market can be transformed by the entry of new actors responding to different market logics and free from a typically market rationality... [F]air trade contributes towards the ethical ordering of the market by imposing a framework of reference which will inevitably confront traditional economic actors.²³³

Fair trade can thus be seen as introducing a measurable and auditable social responsibility norm into both business practices and price calculus,²³⁴ and “the ingenious side of fair trade is that it requires no extra effort and limited expense on the part of consumers.”²³⁵

Further still, it is clear that both idealist and realist fair traders accept the basic Polanyian argument that the formation of a society based on market relations is a construct²³⁶, and as such, it can be *re-constructed* to encompass and internalize social, environmental, and monetary imperatives that are too frequently dismissed as “externalities” in conventional market discourse. Fair trade’s stated—and independently certified—principles are fundamentally about re-embedding in exchanges the social relations which have been largely abstracted out of such transactions since the creation of “market society”—when, as Polanyi has so eloquently demonstrated, even humans and nature were commodified into labor and land, and assigned prices called wages and rents.²³⁷ Idealist and realist fair traders concur with the Polanyian premise that humans and nature are “fictitious commodities,”²³⁸ that labor and land should not be considered mere economic inputs—and that to exploit them as such

cannot be done without drastic social and environmental dislocation and destruction as an inevitable result. Through the normative device of their standards and trade practices, fair traders seek to preclude such destruction of producers and their ecosystems, while enabling consumers who purchase fair trade items to engage in a symbolic yet effectively real re-embedding of social relations across vast distances and international and intercultural borders. As such, fair trade can be seen as a rejection of the narrow and abstracted economic free market view that, as E. P. Thompson noted, made for “a political economy which diminished human reciprocities to the wages-nexus.”²³⁹

There are many perspectives from which to approach fair trade’s idealist-realist tension. For a final analytical framework, I turn to ‘Ten Thousand Villages’ Paul Myers, who expresses the predicament in more simplistic, but no less illustrative terms:

Some people come down on the side of mission and some on the side of business. And some say you can’t be both. Most would say you have to be both, but don’t emphasize business too much or you’ll be like everyone else. Others say don’t become too mission or you’ll be like all of the other crowd [of ATOs] who never gets it together.²⁴⁰

Combining mission and business, in Myers’ terms—or idealism and realism in mine—is the dual imperative common to all fair traders. But as much tension as it may generate, the realist-idealist polarity is not a strict split in the movement: “the debate is not around the *effect* of the institutionalization of the fair trade social movement, but rather on *how* this should be achieved.”²⁴¹ Whether entering conventional markets through labeling, or operating as ATOs in alternative distribution networks and competing with conventional retailers for customers, both idealist and realist fair traders operate by a unique set of principles and ensure that, at the very least, the minimally acceptable fair trade standards and terms of trade are met. Thus, the fundamental difference between the positions occurs not so much on the level of everyday practice, despite some differences, but rather on a strategic and temporal level.

The realist position emphasizes pragmatism and possesses (or at least professes) a certain confidence in its ability to both operate within *and* challenge the conventional system which it critiques; realists believe in practicing fair trade while simultaneously utilizing the conventional market toward their ends and trying to reform it. Initially, a sense of urgency propelled the realist position—a desire to scale up much more quickly than alternative trade had accomplished. Idealists believe that fair trade principles should apply on multiple levels of practice, yet on the whole accept the certification systems and transactional audits of the realist position even as they attempt to construct a parallel system outside conventional channels of distribution. In the idealist position, too, there is a temporal and strategic concern: Is the realist rush to mainstream, idealists wonder, diluting the movement’s ethical underpinnings by affording “unprincipled” opportunists the chance to wear a fair trade fig leaf? Does mainstream fair trade jeopardize the long-term project of building an alternative trade system?

The inherent tension in the alternative/fair trade movement derives from the emphasis that different movement actors have placed on satisfying the priorities of the idealist and realist tendencies. As Gendron et al argue, “it is not the actual institutionalization of fair trade which is being debated [between the ‘militant’ and ‘commercial’ poles], but rather the challenges inherent in finding an economic institutionalization acceptable to social economic movements.”²⁴² Put differently, the process of fusing the political and economic projects of fair trade has fueled tense debates between the movement’s idealists and realists about the best way forward, but all alternative/fair traders nonetheless concur that the movement must keep growing to increase its influence and impact. In short, the idealist-realist tension is essentially a question of how to accomplish the movement’s objectives, not whether to do so. And I submit that the answer to the oft-posed question is that fair trade *is* both in and

against the market, for strategic and temporal reasons that are completely rational even if utterly perplexing. For now, as fair traders seek to articulate a compromise between the two positions' more salient distinctions, we must learn to live with this paradox.

Balancing the opportunity costs of pursuing the movement's strategic objectives via an alternative network or the mainstream system—and deciding how immediate the movement's results should be—have been a source of much tension in the fair trade movement. But neither the idealist nor the realist position is inconsistent with the larger aims of fair trade. Despite the tension the positions engender when pursued simultaneously, both approaches—and the many interstices and hybrids between them—offer new opportunities for fair trade to expand its impact and to continue providing benefits to disadvantaged producers worldwide.

CONCLUSION

This thesis has explored the different phases of the alternative/fair trade movement's development, from its early roots in Christian goodwill trading and third world solidarity, to the movement's increased formalization and entry into the mainstream during the last two decades. As an analysis of Fridell's work helped to clarify, fair trade's history is embedded in a larger movement for reform of the conventional trade system that sought to insulate the most vulnerable producers from the worst effects of market turbulence. Fridell's insightful linkage of the shift toward fair trade mainstreaming and the ascendance of neoliberalism served as a basis for delving into the core tension that mainstreaming has unleashed in the movement: the position of fair trade as in or against the conventional market. That fair trade, through the device of certification standards and consumer-facing labels, grew rapidly after entering the conventional markets can certainly be attributed in part to the retreat of statist

protectionism amid the rise of neoliberalism and its attendant emphasis on voluntarist solutions rather than regulatory controls. However, I have tried to demonstrate that fair trade realists' decision to pursue their objectives by entering the mainstream was consistent with the movement's core commitment to helping marginalized producers, even as mainstreaming sparked philosophical and strategic soul-searching between the movement's idealist and realist practitioners.

By proposing an analytical model of idealist and realist fair trade, and by tying this framework to historical developments in the movement, I examined the bases of real strategic differences within the movement. But while noting these differing tendencies, I have also demonstrated that the realist and idealist—or the “in and against”—positions are not mutually exclusive and are in fact interconnected and interdependent.

Above all, the idealists and realist positions in fair trade concur that the life conditions and needs of marginalized producers should not be abstracted out of trade relations, and that profit is not the ultimate determinant of value or success in trade. While pursuing variant strategies derived from differing prioritizations and historical tendencies, idealist and realist fair traders continue to build and operate a system of trade that rejects the narrow conventional focus on “economic man” and proposes in its place the increased humanization of trade.

Appendix 1

ABBREVIATIONS AND ACRONYMS USED IN THE THESIS

ATO	Alternative Trade Organization
C.A.F.E. Practices	Coffee and Farmer Equity; Starbucks Corporation's code of conduct for dealings with coffee producers
CEO	Chief Executive Officer
CFC	Chloroflourocarbons; chemical compound used in aerosols; linked to ozone layer depletion and global warming and banned by Montréal Protocol
CPAF	Cooperative of Producers AgroFair; body through which producer cooperatives' partial ownership of Dutch ATO AgroFair is exercised
CSR	Corporate Social Responsibility
EFTA	European Fair Trade Association; network of leading European ATOs; FINE member
FTF	Fair Trade Federation; association of North American and Pacific Rim ATOs closely linked with IFAT
FEDECOCAGUA	Federation of Cooperatives of Coffee of Guatemala; first cooperative to export fair trade coffee, in 1973
FINE	Joint working group of FLO, IFAT, NEWS, and EFTA
FLO	Fairtrade Labeling Organizations International; standards-setting and certification body for fair trade commodities; FINE member
FLO-Cert	Private company that oversees FLO certification audits; ISO 65-certified as certification body
FTO	Fair Trade Organization; synonym of ATO; name of IFAT member organizations' label/mark
GATT	General Agreement on Tariffs and Trade; international trade regime; basis of World Trade Organization
GEPA	Germany's largest ATO
IFAT	International Fair Trade Association (originally International Federation for Alternative Trade); major international association of ATOs and producer groups, especially for handicrafts but also for commodities; FINE member
INMECAFE	Mexican Coffee Institute, the state coffee agency; now called Mexican Coffee Council
KNCU	Kilimanjaro Native Cooperative Union; Tanzanian coffee cooperative, and Africa's oldest
LDC	Less Developed Country
MCC	Mennonite Central Committee; church agency that launched SELFHELP/Ten Thousand Villages
NGO	Nongovernmental Organization
NIEO	New International Economic Order; UN-associated 1970s proposals (never implemented) that aimed to restructure international trade in part to ameliorate structural inequalities facing primary producers of commodities in developing countries
NEWS	Network of European World Shops; major association of world shops; FINE member
PR	Public Relations
SELFHELP	Original name for Ten Thousand Villages, the MCC's pioneering ATO
SERRV	Sales Exchange for Refugee Rehabilitation and Vocations; original name of the Church of the Brethren's ATO, now called A Greater Gift
SII	Stichting Ideeë Import; Dutch ATO
SOS	Stichting SOS, Dutch ATO later known as SOS Wereldhandel, then Fair Trade Organisatie, and now Fair Trade Original
STABEX	Système de Stabilisation des Recettes d'Exportation; European Community compensatory trade scheme for former colonies, launched in 1975 and discontinued in 2000
TNC	Transnational Corporation
UCIRI	Union of Indigenous Communities in the Isthmus Region; predominantly indigenous Mexican coffee cooperative; with the Dutch ATO Solidaridad, was instrumental in creation of the Max Havelaar label
UNCTAD	United Nations Conference on Trade and Development; UN trade policy agency and think-tank, influential on fair trade movement's thinking

APPENDIX 2

FLO STANDARD PRINCIPLES OF FAIRTRADE FOR PRODUCERS

Source: FLO website, "Producer Standards": http://www.fairtrade.net/producer_standards.html

Fairtrade Standards distinguish between minimum requirements, which producers must meet to be certified, and progress requirements that encourage producer organisations to continuously improve in all standard's areas and to invest in the development of the organizations and their producers/workers. This concept is developed for the target group of Fairtrade: disadvantaged producers. It encourages sustainable, social, economic and environmental development of producers and their organizations...

Social development

For small farmers Fairtrade Standards require an organizational structure that allows the farmers to actually bring a product to the market. All members of the organization need to have access to democratic decision-making processes and as far as possible participate in the activities of the organization. The organization needs to be set up in a transparent way for its members and must not discriminate any particular member or social group.

For hired labour situations the Fairtrade Standards require from the company to bring social rights and security to its workers. Some of the core elements are: training opportunities, non discriminatory employment practises, no child labour, no forced labour, access to collective bargaining processes and freedom of association of the workforce, condition of employment exceeding legal minimum requirements, adequate occupational safety and health conditions and sufficient facilities for the workforce to manage the Fairtrade Premium.

Economic development

For all products Fairtrade Standards require the buyers to pay a Fairtrade Minimum Price and/or a Fairtrade Premium to the producers. The Fairtrade Minimum Price allows the producer to cover the costs of sustainable production. The Fairtrade premium is money for the farmers or for the workers on a plantation to invest in improving their livelihood. Premium money in this sense is meant to improve the situation of local communities in health, education, environment, economy etc. The farmers or workers decide themselves on what are the most important priorities for them and manage the use of the Fairtrade Premium.

Also, Fairtrade Standards require buyers to give a financial advance on contracts, called pre-financing, if producers ask for it. This is to help producers to have access to capital and so overcome what can be one of the biggest obstacles to their development. This promotes entrepreneurship and can assist the economic development of entire rural communities.

Environmental development

Fairtrade Standards include requirements for environmentally sound agricultural practises. The focus areas are: minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms. However, Fairtrade Standards do not require organic certification as part of its standards. Higher costs for organic production are considered though, by higher Fairtrade Minimum Prices for organically grown products.

Additional participant-specific standards

Besides these common principles, there are Fairtrade Standards specific to different participants in the system. More information is available at the following web addresses:

For small farmer organizations: <http://www.fairtrade.net/sfprinciples.html>

For hired labor situations: <http://www.fairtrade.net/hlabourpincip.html>

For traders: http://www.fairtrade.net/trade_standards.html

FLO Product Standards, including minimum prices and premiums

FLO develops product standards documentation indicating the certification requirements for fair trade products, including minimum price and premium. In some cases, there are two documents per product (one for small-scale producers and another for hired labor). All of this documentation is available beginning at the following web address:

http://www.fairtrade.net/product_standards.html

APPENDIX 3

IFAT TEN STANDARDS OF FAIR TRADE

Source: IFAT website: <http://www.ifat.org>

IFAT prescribes 10 standards that Fair Trade organizations must follow in their day-to-day work and carries out continuous monitoring to ensure these standards are upheld:

Creating opportunities for economically disadvantaged producers

Fair Trade is a strategy for poverty alleviation and sustainable development. Its purpose is to create opportunities for producers who have been economically disadvantaged or marginalized by the conventional trading system.

Transparency and accountability

Fair Trade involves transparent management and commercial relations to deal fairly and respectfully with trading partners.

Capacity building

Fair Trade is a means to develop producers' independence. Fair Trade relationships provide continuity, during which producers and their marketing organizations can improve their management skills and their access to new markets.

Promoting Fair Trade

Fair Trade Organizations raise awareness of Fair Trade and the possibility of greater justice in world trade. They provide their customers with information about the organization, the products, and in what conditions they are made. They use honest advertising and marketing techniques and aim for the highest standards in product quality and packing.

Payment of a fair price

A fair price in the regional or local context is one that has been agreed through dialogue and participation. It covers not only the costs of production but enables production which is socially just and environmentally sound. It provides fair pay to the producers and takes into account the principle of equal pay for equal work by women and men. Fair Traders ensure prompt payment to their partners and, whenever possible, help producers with access to pre-harvest or pre-production financing.

Gender Equity

Fair Trade means that women's work is properly valued and rewarded. Women are always paid for their contribution to the production process and are empowered in their organizations.

Working conditions

Fair Trade means a safe and healthy working environment for producers. The participation of children (if any) does not adversely affect their well-being, security, educational requirements and need for play and conforms to the UN Convention on the Rights of the Child as well as the law and norms in the local context.

Child Labour

Fair Trade Organizations respect the UN Convention on the Rights of the Child, as well as local laws and social norms in order to ensure that the participation of children in production processes of fairly traded articles (if any) does not adversely affect their well-being, security, educational requirements and need for play. Organizations working directly with informally organised producers disclose the involvement of children in production.

The environment

Fair Trade actively encourages better environmental practices and the application of responsible methods of production.

Trade Relations

Fair Trade Organizations trade with concern for the social, economic and environmental well-being of marginalized small producers and do not maximise profit at their expense. They maintain long-term relationships based on solidarity, trust and mutual respect that contribute to the promotion and growth of Fair Trade. Whenever possible producers are assisted with access to pre-harvest or pre-production advance payment.

APPENDIX 4

FAIRTRADE FOUNDATION'S REQUIREMENTS FOR FAIRTRADE TOWN/CHURCH/UNIVERSITY

Source: Fairtrade Foundation website, "Fairtrade Towns": http://www.fairtrade.org.uk/get_involved_fairtrade_towns.htm.

"Fairtrade Universities": http://www.fairtrade.org.uk/get_involved_university.htm

To become a **Fairtrade Town** (or any other populated area), five goals must be met:

- The local council must pass a resolution supporting Fairtrade, and serve Fairtrade coffee and tea at its meetings and in offices and canteens.
- A range of Fairtrade products must be readily available in the area's shops and served in local cafés and catering establishments (targets are set in relation to population)
- Fairtrade products must be used by a number of local work places (estate agents, hairdressers etc) and community organisations (churches, schools etc)
- Attract media coverage and popular support for the campaign
- A local Fairtrade steering group must be convened to ensure continued commitment to Fairtrade Town status.

To become a **Fairtrade Church** three goals must be met:

- Use Fairtrade tea and coffee for all meetings for which you have responsibility.
- Move forward on using other Fairtrade products (such as sugar, biscuits, fruit)
- Promote Fairtrade during Fairtrade Fortnight—and through other activities whenever possible.

To become a **Fairtrade University or college** five goals must be met:

- The Student Union and the university authorities both create a Fairtrade policy incorporating these five goals.
- Fairtrade foods are made available for sale in all campus shops. Fairtrade foods are used in all cafés/restaurants/bars on campus. Where this is not possible, there is a commitment to begin to use Fairtrade foods in these establishments as soon as it becomes possible to do so.
- Fairtrade foods (for example, coffee and tea) are served at all meetings hosted by the university and the SU, and are served in all university and SU management offices.
- There is a commitment to campaign for increased Fairtrade consumption on campus.
- Set up a Fairtrade Steering Group.

Renewal

There are additional requirements for declared Fairtrade towns, churches, and universities to renew their status.

NOTES

All web addresses were referenced and functional in May 2007.

- ¹ The source of this definition is FINE, a joint working group of leading fair trade associations: Fairtrade Labeling Organizations International (FLO), International Fair Trade Association (IFAT), Network of European World Shops (NEWS), and the European Fair Trade Association (EFTA).
- ² Littrell and Dickson, p. 5
- ³ Maseland and De Vaal, p. 255. The term “fairness” is italicized for emphasis in the original text.
- ⁴ Jaffee et al, pp. 171-173
- ⁵ Goodman and Goodman, pp. 108-110
- ⁶ Hudson and Hudson, p. 413
- ⁷ Nicholls and Opal, p. 154
- ⁸ Leclair, p. 954
- ⁹ Renard, p. 496
- ¹⁰ Ransom, p. 22
- ¹¹ Tallontire’s stages of fair trade development are presented in Tallontire (2000) pp. 167-169 and in Tallontire (2006) pp. 36-38.
- ¹² Moore, p. 76
- ¹³ Barratt Brown (1993) has a chapter titled “In and Against the Market”. Raynolds (2000) also employs the phrase, p. 299.
- ¹⁴ Fridell (2003)
- ¹⁵ Marie-Christine Renard cited in Moore, p. 76
- ¹⁶ Fridell (2004) p. 417
- ¹⁷ Grimes, p. 12
- ¹⁸ Tallontire (2006) p. 36
- ¹⁹ MCC promotional brochure from 1995, cited in Littrell and Dickson, p. 65
- ²⁰ Ten Thousand Villages website, “From ‘The Needlework Lady’ to Today’s Craftswoman: A Brief History”:
<http://www.tenthousandvillages.com/php/about.us/history.php>
- ²¹ Littrell and Dickson, p. 62
- ²² Littrell and Dickson, pp. 62-63. Ten Thousand Villages website, “From ‘The Needlework Lady’ to Today’s Craftswoman: A Brief History”:
<http://www.tenthousandvillages.com/php/about.us/history.php>
- ²³ Littrell and Dickson, p. 63
- ²⁴ Contemporary SERRV mission statement cited in Littrell and Dickson, p. 94
- ²⁵ Littrell and Dickson, p. 90
- ²⁶ Littrell and Dickson, pp. 94-95. SERRV/A Greater Gift website, “Our History”:
<http://www.agreatergift.org/AboutUs/OurHistory.aspx>
- ²⁷ Barratt Brown, p. 156
- ²⁸ Oxfam UK website, “A Short History of Oxfam: In the Beginning”:
http://www.oxfam.org.uk/about_us/history/index.htm
- ²⁹ Nicholls and Opal, p. 20
- ³⁰ Kocken “Fifty Years of Fair Trade”. Mayoux and Williams “Case Study: Oxfam Fair Trade”
- ³¹ Oxfam UK website, “A Short History of Oxfam: Growing and Developing”:
http://www.oxfam.org.uk/about_us/history/history2.htm
- ³² Oxfam UK website, “A Short History of Oxfam: Growing and Developing”
- ³³ Oxfam UK website, “Retail Success”:
http://www.oxfam.org.uk/about_us/history/history4.htm
- ³⁴ Tallontire (2006) p. 36. Durwael “The Development of Fair Trade in the Netherlands”. Fair Trade Original Annual Report 2005 p. 14
- ³⁵ Durwael “The Development of Fair Trade in the Netherlands”
- ³⁶ Stefan Durwael was the General Director of Fair Trade Organisatie in 1994, when his remarks titled “The Development of Fair Trade in the Netherlands” were recorded. Fair Trade Organisatie was the then-current name of SOS Stichtung; the Dutch ATO pioneer also operated under the name SOS Wereldhandel in the 1970s and 1980s, and now calls itself Fair Trade Original (www.fairtrade.nl). Durwael is now the Director of IFAT.
- ³⁷ Fair Trade Original Annual Report 2005 p. 14
- ³⁸ Fair Trade Original Annual Report 2005 p. 14
- ³⁹ Durwael “The Development of Fair Trade in the Netherlands”. Kocken “Fifty Years of Fair Trade”
- ⁴⁰ Littrell and Dickson, p. 63
- ⁴¹ Mayoux and Williams “Case Study: Oxfam Fair Trade”
- ⁴² van Tongeren, p. 496
- ⁴³ van Tongeren, pp. 496-497
- ⁴⁴ Durwael “The Development of Fair Trade in the Netherlands”. van Tongeren, p. 497
- ⁴⁵ Socías Salvá and Doblás, p. 17

- ⁴⁶ van Tongeren, p. 497, Durwael “The Development of Fair Trade in the Netherlands”. Kocken “Fifty Years of Fair Trade”
- ⁴⁷ Durwael “(Short) History of Fair Trade”
- ⁴⁸ Barratt Brown, p. 156. James, p. 12
- ⁴⁹ Reynolds (2002) p. 4
- ⁵⁰ Equal Exchange website, “Our Co-op”: <http://www.equalexchange.com/our-co-op>
- ⁵¹ Simpson and Rapone, p. 52. Equal Exchange website, “Our Story: A Vision of Fairness to Farmers”: <http://www.equalexchange.com/story>
- ⁵² Simpson and Rapone, p. 52. Equal Exchange website, “Our Story: A Vision of Fairness to Farmers”
- ⁵³ Kocken “Fifty Years of Fair Trade”
- ⁵⁴ UCIRI website: <http://www.uciri.org/espanol/espanol.htm>. Simpson and Rapone, pp. 49-50
- ⁵⁵ Simpson and Rapone, p. 50
- ⁵⁶ Simpson and Rapone, p. 50
- ⁵⁷ UCIRI website, “Comercialización”: <http://www.uciri.org/espanol/comercializacion.htm>
- ⁵⁸ Littrell and Dickson, p. 5
- ⁵⁹ Tallontire (2000) p. 167
- ⁶⁰ Durwael “The Development of Fair Trade in the Netherlands”
- ⁶¹ The point about agriculture and artisanal work is K. Basu’s, cited in Littrell and Dickson, p. 10.
- ⁶² Sugar Cane Action information from van Tongeren, p. 497. SOS’s trading partner was the Federation of Cooperatives of Coffee of Guatemala, or FEDECOCAGUA, formed by 19 activists in 1969 with the aim of improving “the living standards of small producers through their own efforts and in a solidaristic manner.” The pioneering coffee shipment went from FEDECOCAGUA to SOS in 1973. [FEDECOCAGUA website (author’s translation): http://www.fedecocagua.org/espanol/pagina_principal_all.htm. Fair Trade Original Annual Report 2005 p. 14. Durwael “The Development of Fair Trade in the Netherlands”]
- ⁶³ Marjoleine Motz quotation in Simpson and Rapone, p. 48
- ⁶⁴ Tallontire (2000) p. 167
- ⁶⁵ Durwael “The Development of Fair Trade in the Netherlands”
- ⁶⁶ Littrell and Dickson, p. 17
- ⁶⁷ Fridell (2004) p. 419. Littrell and Dickson, pp. 16-17
- ⁶⁸ Tallontire (2000) p. 168
- ⁶⁹ Tallontire (2006) p. 37. Tallontire (2000) p. 168
- ⁷⁰ Durwael “The Development of Fair Trade in the Netherlands”
- ⁷¹ Lang and Gabriel, p. 49
- ⁷² Littrell and Dickson, p. 9. Ross, pp. 15-55. Waridel, p. 93
- ⁷³ Nicholls, p. 9
- ⁷⁴ Young, p. 4
- ⁷⁵ Humphrey Pring quoted in Tallontire (2000) p. 170
- ⁷⁶ Tiffen et al, p. 27
- ⁷⁷ Nicholls and Opal, p. 35
- ⁷⁸ Equal Exchange website, “Highlights 1986-1990”: <http://www.equalexchange.com/1986>. Equal Exchange website, “Highlights 1991-1995”: <http://www.equalexchange.com/1991>. These solidarity-oriented products included Café Nica, Samusala Tea (from Sri Lanka, in support of the Sarvodaya Shramadana development agency), Organic Peruvian coffee (the company’s first organic offering), and Café Libre (a blend of Tanzanian and Zimbabwean coffees that funneled proceeds to anti-apartheid groups).
- ⁷⁹ Equal Exchange website, “Highlights 1991-1995”
- ⁸⁰ Durwael “The Development of Fair Trade in the Netherlands”
- ⁸¹ Lynd, pp. 70-71
- ⁸² Ten Thousand Villages internal staff communiqué cited in Littrell and Dickson, p. 67
- ⁸³ Littrell and Dickson, p. 74
- ⁸⁴ Quotation from a letter of Ten Thousand Villages board of directors to its staff, 1996. Cited in Littrell and Dickson, p. 79
- ⁸⁵ Paul Myers quoted in Littrell and Dickson, pp. 77-78
- ⁸⁶ Nicholls and Opal, p. 36
- ⁸⁷ Milgram, pp. 123-126. CCAP’s website is <http://www.ccapfairtrade.com/index.php>
- ⁸⁸ Barratt Brown, p. 157
- ⁸⁹ SERRV/A Greater Gift website, “About Us”: <http://www.agreatergift.org/AboutUs.aspx>. Ten Thousand Villages website, “About Us”: <http://www.tenthousandvillages.com/php/about.us/index.php>. Traidcraft website, “What is Fair Trade”: <http://www.traidcraftshop.co.uk/content/default.asp?id=6>. Oxfam Australia Trading Annual Report 2002/2003. Equal Exchange website, “What is Domestic Fair Trade”: <http://www.equalexchange.com/what-is-domestic-fair-trade>
- ⁹⁰ Nicholls and Opal, pp. 8-9. IFAT website: <http://www.ifat.org>
- ⁹¹ IFAT Annual Report 2004. About 65 percent of IFAT members are in the global South, according to the IFAT website, “What is IFAT?”: http://www.ifat.org/index.php?option=com_docman&task=doc_download&gid=512&Itemid=106
- ⁹² Durwael “The Development of Fair Trade in the Netherlands”

- ⁹³ EFTA website, “What is...?”: <http://www.european-fair-trade-association.org/Efta/Doc/What.pdf>. Nicholls and Opal, p. 9
- ⁹⁴ NEWS website: <http://news.conaxis.de/index.php>
- ⁹⁵ Jaffee et al, p. 173. Nicholls and Opal, p. 10
- ⁹⁶ The Max Havelaar Foundation was named for a fictional Dutch colonial officer stationed in Java who stood up for the rights of local coffee farmers.
- ⁹⁷ Nicholls and Opal, p. 127
- ⁹⁸ FLO’s standards are generated in a participatory process involving stakeholders from producer groups, vending organizations, FLO member organizations, and outside bodies. [FLO website, “Standards”: <http://www.fairtrade.net/standards.html>]
- ⁹⁹ This summary is based on an analysis of standards documentation at the FLO website, “Standards”: <http://www.fairtrade.net/standards.html>
- ¹⁰⁰ FLO website, “By Products”: http://www.fairtrade.net/by_products.html. Interestingly, sports balls (particularly soccer balls) represent an extension of fair trade certification into a product line that historically has been characterized by maquila-type manufactory production.
- ¹⁰¹ FLO website, “By Products”
- ¹⁰² Nicholls and Opal, p. 133
- ¹⁰³ FLO website: <http://www.fairtrade.net/>
- ¹⁰⁴ Nicholls and Opal, p. 130. FLO website, “Producer Support”: http://www.fairtrade.net/producer_support.html
- ¹⁰⁵ Nicholls and Opal, p. 24
- ¹⁰⁶ Nicholls and Opal, p. 24. Waridel, p. 96
- ¹⁰⁷ IFAT website, “Monitoring: Building Trust in Fair Trade”: http://www.ifat.org/index.php?option=com_content&task=view&id=21&Itemid=68#step2
- ¹⁰⁸ IFAT website, “The FTO Mark”: http://www.ifat.org/index.php?option=com_content&task=view&id=3&Itemid=16
- ¹⁰⁹ Nicholls and Opal, pp. 8-9
- ¹¹⁰ Tallontire (2000) p. 168
- ¹¹¹ Nicholls and Opal, pp. 100, 165
- ¹¹² Nicholls, p. 12
- ¹¹³ Crane (2005) p. 225
- ¹¹⁴ Harrison, pp. 62-63
- ¹¹⁵ Low and Davenport, p. 151
- ¹¹⁶ Cafédirect website, “Our Business”: http://www.cafedirect.co.uk/our_business/. Cafédirect Annual Report & Accounts 2004/5. Cafédirect Gold Standard
- ¹¹⁷ Litvinoff and Madelay, p. 161. Tiffen et al, p. 15. Divine Chocolate Company website, “The Divine Story”: <http://www.divinechocolate.com/about/story.aspx>. Divine Chocolate Company website, “Facts and Figures”: <http://www.divinechocolate.com/about/resources/facts-figures.aspx>
- ¹¹⁸ Doherty and Tranchell, p. 168
- ¹¹⁹ Divine Chocolate Company website, “The Divine Story”
- ¹²⁰ Divine Chocolate Company website, “Inside Divine Chocolate”: <http://www.divinechocolate.com/about/inside-divine.aspx>
- ¹²¹ Nicholls and Opal, pp. 100-101
- ¹²² Doherty and Tranchell, p. 172
- ¹²³ Day Chocolate Company Accounts, cited in Doherty and Tranchell, p. 173
- ¹²⁴ Doherty and Tranchell, p. 174. Tiffen et al, pp. 20, 31-32
- ¹²⁵ Helena Bempong quotation cited in Tiffen et al, p. 23
- ¹²⁶ Nicholls and Opal, pp. 100-101. Doherty and Tranchell, pp. 171-172
- ¹²⁷ National Public Radio (2007)
- ¹²⁸ AgroFair Annual Report 2005. *Economist* “Thinking Out of the Box”. AgroFair website, “How was Agrofair founded?”: http://www.agrofair.nl/pages/faq.php?page_id=229&nieuws_id=109
- ¹²⁹ AgroFair website, “History”: http://www.agrofair.nl/pages/view.php?page_id=321
- ¹³⁰ AgroFair Annual Report 2005
- ¹³¹ AgroFair Annual Report 2005
- ¹³² AgroFair CEO Jeroen Kroezen letter in AgroFair Annual Report 2005
- ¹³³ Young refers to Cafédirect as selling “‘commercial’ fair trade coffee.” [Young p. 6]. The Co-operative Retail Group, a British supermarket chain, views fair trade as a key component of its “responsible retailing” strategy. [Doherty and Tranchell, p. 174]
- ¹³⁴ Crane (2000)
- ¹³⁵ Bery and McEachern, pp. 69-87. Mutersbaugh, p. 29. Tallontire (2002) p. 19. Levi and Linton, p. 426. Examples of concerns that were turned into product labels include dolphin-friendly tuna, bird-friendly coffee, forest-friendly timber, sweatshop-free clothing, energy-efficient lightbulbs and appliances, organic production, fair trade, etc.
- ¹³⁶ Nicholls and Opal, pp. 173-174. Litvinoff and Madeley, pp. 219-225

- ¹³⁷ Fridell (2004) p. 424. Fairtrade Federation website, “Convert your workplace”:
http://www.fairtrade.org.uk/get_involved_workplace.htm
- ¹³⁸ Nicholls and Opal, p. 159
- ¹³⁹ IFAT website, “Global Journey”: http://www.ifat.org/index.php?option=com_content&task=view&id=20&Itemid=72
- ¹⁴⁰ World Fair Trade Day website: <http://www.wftday.org/>
- ¹⁴¹ All the national initiatives except those of Canada, Switzerland, and the United States are now using the same FLO mark. FLO website, “The Certification Mark (CM)”: http://www.fairtrade.net/certification_mark.html
- ¹⁴² IFOAM “Organic Agriculture and Fair Trade”. Fretel and Simoncelli-Bourque, p. 17
- ¹⁴³ Bastian (2006). Fretel and Simoncelli-Bourque, pp. 17-19. Parrish et al, pp. 182-188
- ¹⁴⁴ IFAT website, “More on Marks & Labels”:
http://www.ifat.org/index.php?option=com_content&task=view&id=38&Itemid=71
- ¹⁴⁵ Nicholls and Opal, pp. 202-204. Tallontire (2002) p. 14-19
- ¹⁴⁶ Low end from IFAT Annual Report 2004. High end from Nicholls and Opal, p. 42
- ¹⁴⁷ Rice, p. 3
- ¹⁴⁸ Krier, p. 5
- ¹⁴⁹ FLO Annual Report 2005-6
- ¹⁵⁰ FLO Annual Report 2005-6
- ¹⁵¹ FLO Annual Report 2005-6
- ¹⁵² Fair Trade Federation 2005 Report: Fair Trade Trends in North America and the Pacific Rim
- ¹⁵³ Krier, p. 32
- ¹⁵⁴ Nicholls and Opal, p. 195
- ¹⁵⁵ FLO Annual Report 2004-5
- ¹⁵⁶ Murray et al, p. 7
- ¹⁵⁷ Parrish et al, p. 182
- ¹⁵⁸ Ronchi cited in Doherty and Tranchell, p. 173
- ¹⁵⁹ Fairtrade Bananas Impact Study
- ¹⁶⁰ Murray et al. Litvinoff and Madeley, pp. 38-39. Nicholls and Opal, pp. 205-215. Tiffen et al, pp. 30-32. Taylor (2002) pp. 18-21. Bacon, p. 506
- ¹⁶¹ Leclair, p. 957. Lindsey, pp. 3-5. Gendron et al, p. 32. Bacon, p. 505
- ¹⁶² Gendron et al, p. 31
- ¹⁶³ Tallontire (2002) p. 23
- ¹⁶⁴ Low and Davenport have argued that “there cannot be a single unitary ‘history’ of the fair trade movement and that those that have been presented most often conceive change in the movement in linear epochal terms.” [p. 144]
- ¹⁶⁵ Fridell (2004) p. 412
- ¹⁶⁶ Fridell (2004) p. 412
- ¹⁶⁷ Fridell (2004) pp. 412-413
- ¹⁶⁸ For a discussion of the International Coffee Agreement, see Dicum and Luttinger, pp. 91-92.
- ¹⁶⁹ Fridell (2004) pp. 415-416
- ¹⁷⁰ Fridell (2004) p. 412
- ¹⁷¹ Fridell (2004) p. 416
- ¹⁷² Fridell (2004) pp. 416-417
- ¹⁷³ Fridell (2004) analyzes Barratt Brown, Michael. Fair Trade: Reform and Realities in the International Trading System. London: Zed Books, 1993.
- ¹⁷⁴ Fridell (2004) p. 418
- ¹⁷⁵ Fridell (2004) pp. 420-421
- ¹⁷⁶ Fridell (2004) p. 426
- ¹⁷⁷ Fridell (2004) p. 426
- ¹⁷⁸ Gendron et al, p. 30
- ¹⁷⁹ Gendron et al, p. 30
- ¹⁸⁰ Carol Wills quotation in Nicholls and Opal, p. 12. Wills goes on to point out a translational difficulty with the shift to the term “fair”: “[I]n English you have ‘fair’ and ‘ethical’ and there are shades of meaning between the two but there are other languages, such as Spanish or French, where there isn’t actually a real word for ‘fair’. The meaning gets slightly blurred and you cannot translate it at all in many countries in a way that means anything.”
- ¹⁸¹ Nicholls and Opal, pp. 8-9
- ¹⁸² Gendron et al, p. 16 (footnote 12)
- ¹⁸³ Burns and Blowfield, p. 26
- ¹⁸⁴ Gendron et al, p. 5
- ¹⁸⁵ Bravo (2007)
- ¹⁸⁶ Low and Davenport, p. 151
- ¹⁸⁷ Fridell (2006) p. 7
- ¹⁸⁸ Fairwashing is a play on “greenwashing,” a term that emerged in the 1980s to describe corporations’ questionable claims of improvement in their commitments to environmental stewardship.

¹⁸⁹ Low and Davenport, p. 159

¹⁹⁰ Claudia Salazar-Lewis quoted in Nicholls (2002) p. 14

¹⁹¹ Fridell (2006). Waridel, pp. 105-109

¹⁹² Starbucks Company Fact Sheet February 2007

¹⁹³ Starbucks Company Profile February 2007

¹⁹⁴ James, pp. 13-14

¹⁹⁵ Starbucks Timeline February 2007

¹⁹⁶ Rogers (2004)

¹⁹⁷ Campher, p. 160

¹⁹⁸ Starbucks Company Profile February 2007

¹⁹⁹ Starbucks Corporate Social Responsibility Annual Report 2006. Fridell (2006) pp. 13-16

²⁰⁰ Gallender (2002)

²⁰¹ Fridell (2006) pp. 10-13

²⁰² Fridell (2006) p. 10

²⁰³ Rogers (2004) cites a Starbucks official who reports fair trade purchases of 1-2 percent in 2004. Starbucks Corporate Social Responsibility Annual Report 2006 reports the purchase of 294 million total pounds of coffee in FY2006, with 18 million pounds fair trade certified, or 6 percent. Thus far, this is the highest percentage of fair trade coffee Starbucks has included in its product offering.

²⁰⁴ Young, p. 10

²⁰⁵ Rogers (2004). Nicholls and Opal, p. 139

²⁰⁶ Matt Earley, cofounder of Just Coffee, quotation in Rogers (2004)

²⁰⁷ Paul Rice quotation in Rogers (2004)

²⁰⁸ Carol Wills quotation in Nicholls and Opal, p. 246

²⁰⁹ Bravo (2007)

²¹⁰ Dean's Beans website, "Fair Trade Roadmap": http://www.deansbeans.com/coffee/fair_trade_roadmap.html

²¹¹ Part of the tension also revolves around the variant organizational structures and business ethos of fair trade organizations. As the profiles of fair trade organizations in this thesis demonstrate, there is a wide range of organizational structures in place in the fair trade movement, from religiously affiliated charities and development and advocacy groups with nonprofit status, to small businesses that include worker-owned cooperatives as well as owner-importer boutiques and world shops staffed primarily by volunteers, to producer cooperatives of several hundred or even several thousand farmer families, to for-profit companies—some of which are publicly traded—and overarching coordinator bodies and associations. There are hybrid models not analyzed at length in this work, and partnerships between differently structured organizations are also commonplace in the movement. With the example of Mexico's Comercio Justo national labeling initiative, South-South fair trade is on the rise, and there is increasing talk of North-North linkages as well. The plethora of organizational structures and geographically dispersed stakeholders naturally results in a diverse range of views on a variety of topics pertaining to the movement's growth and development. In this author's view, this is entirely healthy for fair trade.

²¹² Fridell (2004) p. 418

²¹³ Tallontire (2002) p. 22

²¹⁴ Gendron et al, p. 35

²¹⁵ Fridell (2006) pp. 4-7. Planet Bean website: <http://www.planetbeancoffee.com/>

²¹⁶ See Lindsey (2004) for a critique of FLO's minimum pricing from a neoliberal perspective.

²¹⁷ Adam Smith quotation cited in Holmes, p. 251

²¹⁸ Of interest, too, is the precedent of John Maynard Keynes, who was very much the intellectual father of the postwar *fair trade movement* in the sense of the term used by Fridell. While Keynes begins the following passage by describing the price-distorting powers of players very much at the opposite end of the spectrum from the primarily small producers which partake in fair trade, he nevertheless identifies the need for a clear link between producers' sustainability and the need for stable prices for staple commodities:

"These proposals, whilst seeking to avoid the violence of short-term price fluctuations, essentially depend on persuading those concerned that the long-term *economic price*, meaning by this the avoidance of an artificially high price by means of a producers' monopoly and restriction of output, is the preferable and proper international policy, whatever domestic concessions by particular governments in favour of particular classes of their own producers may be desirable or inevitable. But this must not be taken to imply that basic prices should be fixed without regard to the requirements of a suitable standard of life for the majority of the producers concerned. A minority of producers with low standards of life must not be allowed to depress the international price of a commodity for all producers alike. A 'low' price is the 'economic' price in the above sense only if it reflects high efficiency, not if it merely reflects low standards. It is best defined as representing the long-period equilibrium costs of the most efficient producers on the assumption that the return to the latter is sufficient to provide them with the proper nutritional and other standards in the conditions in which they live. It is in the interest of all producers alike that the price of a commodity should not be depressed below this level, and consumers are not entitled to expect that it should." [Keynes, p. 123]

²¹⁹ Nicholls and Opal, p. 41. FLO was not the first ATO to use floor prices; fairly traded coffee already had a floor price when FLO was formed. [Levi and Linton, p. 416]. FLO's latest Product Standards and Fairtrade Minimum Prices are posted on the organization's website at http://www.fairtrade.net/product_standards.html

²²⁰ FLO website, “FAQ: Does paying farmers a fair price encourage more production and create an oversupply problem?”: http://www.fairtrade.net/faq_links.html?&no_cache=1

²²¹ Lindsey (2004)

²²² Hira and Ferrie, p. 114

²²³ Taylor (2002) p. 26

²²⁴ Nicholls and Opal, p. 241

²²⁵ Lynd, p. 72

²²⁶ Paul Myers quotation in Littrell and Dickson, p. 71

²²⁷ Krier, p. 23 (footnote)

²²⁸ Marlike Kocken cited in Moore, p. 78

²²⁹ Lindsey, p. 2

²³⁰ Beviglia Zampetti, pp. 178-179 (footnote 52)

²³¹ Becchetti and Adriani, p. 7

²³² Singer (2006)

²³³ Gendron et al, p. 38

²³⁴ Levi and Linton, p. 419

²³⁵ Hira and Ferrie, p. 108. For the sake of comparison, witness the well-known neoliberal economist Milton Friedman on the issue of corporate social responsibility: “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.” [Friedman, p. 133]

²³⁶ Polanyi (1944). Rather than using the noun “construct,” Polanyi’s preferred terminology is to say that “market society” was “established”—but he makes clear that this was a human development brought about by particular policies advocated by particular people (“the trading classes”), not some “natural” evolution of society. Polanyi called this process the Great Transformation, which he argues involved the intentional abandonment of norms that had governed all societies’ economies for millennia—namely, reciprocity, redistribution, and householding (production for self-sustenance, with the possibility of personal gain from selling surpluses), with markets playing only a small role—and their replacement by societies based on a belief in the conceptual ideal of a “self-regulating market.” Polanyi argues that this transformation required the subjugation of society to the market as the economy was separated from politics and humans and nature were made subservient to the imperatives of supply and demand: “the running of society as an adjunct to the market.” [Polanyi, p. 60]. Polanyi contends that this onset of “market society” was met by a series of counteractive protective measures wrought by the working and landed classes, an effect he calls the “double movement.” There are clear parallels with the fair trade movement.

²³⁷ Polanyi, pp. 74-76, 136-137

²³⁸ Polanyi, pp. 71-80

²³⁹ Thompson, p. 136

²⁴⁰ Paul Myers quotation in Littrell and Dickson, p. 66

²⁴¹ Gendron et al, p. 17

²⁴² Gendron et al, p. 35

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