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Fair Trade

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Introduction

Consumers in North America, Europe, and elsewhere in the global North are encountering a proliferation of labels on food products that make claims about supporting fairness or justice in their production. How should we evaluate these competing and often confusing claims? Can our food and beverage consumption choices actually work to advance social justice in the global food system, rather than immiserating the people who work to grow and harvest the food we consume?

Fair trade, now almost 30 years old, is one important effort to address these concerns. The founding aim of fair trade was to remedy the unfair economic conditions faced by small farmers—often called producers—in the global South who grow agricultural products that are globally traded. Fair trade is both a social movement and an alternative market system. It aims to use the structures of global markets to reverse some of the injustices they generate. In the words of the late British fair trade pioneer and author Michael Barratt Brown, fair trade works "in and against the market." This paradox helps to explain not only fair trade's successes, but also its limitations and contradictions (Brown 1993). Is it possible to transform the injustices of the global market from within, or is that a contradiction in terms? What does a fair trade label really signify?

This lesson begins by discussing the dynamics behind the structural inequity in the global trade in agrifood products. We then take a brief look at fair trade's history, the basic mechanisms of the fair trade model for food products, and the current state of fair trade. Two case studies of fair trade in action will give a taste of the social benefits that participating in this alternative market can generate for producers, but also the limits to fair trade's impact and the contradictions that can arise. We will also examine some key controversies that have caused major divisions within the fair trade movement and market. The lesson ends with some reflections on the future of fair trade and its ability to transform the global market.

Structural Unfairness in the Global Commodity Trade

One useful measure of the (un)fairness of world trade is the "**terms of trade**": the difference between the prices that nations receive for their exports of **primary commodities** (i.e., unprocessed or minimally processed crops or minerals, such as coffee, cacao, tea, sugar, tin, or copper) and the generally higher prices they must pay to import finished or manufactured goods. For at least the past century, these terms of trade have systematically disadvantaged nations and communities that rely on producing and exporting primary commodities. One of the most pervasive legacies of European colonization for many poor nations in the global South—which endures to the present day—is their continued dependence on the exportation of just a few food crops for a substantial share of national revenue. For example, a number of east African countries (including Ethiopia, Uganda, and Burundi) depend on coffee sales for over half of their total export revenues.

In the 1960s and 1970s, proponents of **dependency theory***,* such as Andre Gunder Frank and Samir Amin, identified this "unequal exchange" as one of the principal mechanisms that perpetuated and deepened underdevelopment in what was then called the Third World (Amin

1976; Gunder Frank 1966). The real (inflation-adjusted) prices for these primary commodities—with the exception of oil—fell steadily through the 20th century and into the 21st, a trend that still holds despite some major commodity price spikes in the past decade.

The world markets for these products are also typically dominated by a small number of very large multinational trading and processing firms (see Lesson 3). In the case of coffee, for example, the top five roasting and distribution corporations (Nestlé, Kraft, Sara Lee, Procter & Gamble, and Tchibo) control 69 percent of the global roasted coffee market. Trade policies also make it difficult for commodity producers to capture more value from their exports by processing them at home. For example, the European Union allows duty-free imports of green (unroasted) coffee, but it charges a tariff of 9 percent on imports of roasted coffee. Proponents of dependency theory viewed these patterns as a hallmark of a **neo-colonial** relationship that perpetuates the extraction of cheap raw materials—and cheap labor—from the countries of the **periphery** (the South) to feed the demands of corporations and consumers in the **core** nations (the North).

Even while they have fallen over time, world commodity prices are also volatile, because they are set by traders on futures markets like the New York Coffee, Sugar, and Cocoa Exchange, based on perceived future supply levels. As I write this (in October 2017), the world price for green (unroasted) coffee is hovering around $1.30 (US) per pound, but last July it was over $1.70 per pound. Between 1999 and 2005, during the most severe coffee price crisis ever, it was much lower, bottoming out at 41 cents per pound in 2002, far below the break-even point for coffee farmers (see **Figure 1**). However, these figures only tell part of the story: most small-scale coffee farmers receive only 25 to 50 percent of the world price, because of the many intermediaries (e.g., buyers, processors, brokers, exporters) who take a cut along the way. In

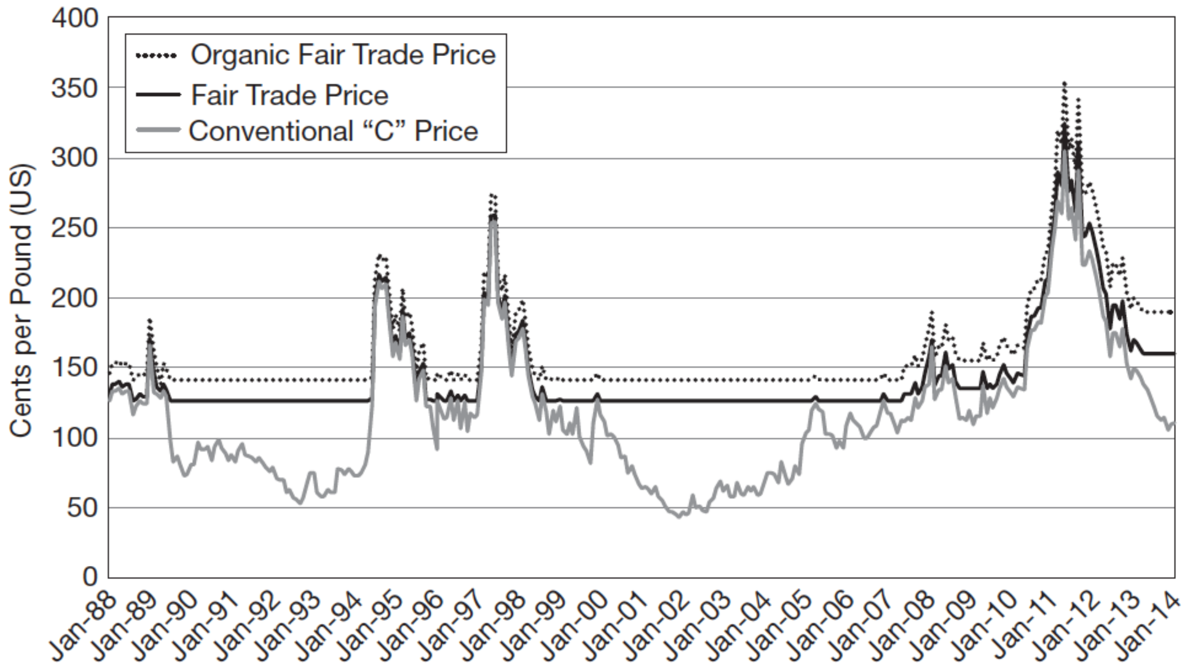

Figure 1. Fair Trade and Conventional ("C") Green Coffee Prices, 1988-2014

many places, small-scale producers have no alternative except to sell to local intermediaries at whatever price they are offering. The creation of fair trade was a response to these exploitative conditions.

Fair Trade's History and Structure

The historical roots of fair trade contain two distinct but complementary threads. The first is a "development strand" that grew out of liberal religious charities and development groups such as Oxfam and Bread for the World, which after World War II worked to create markets for the handicraft products of refugees and other economically disadvantaged groups in Europe, the global South, and the southern U.S., often organizing producer cooperatives in the process. These efforts matured into an alternative trade movement in the 1960s and '70s, consisting of networks of "world shops" in Europe that sold clothing, crafts, and sometimes tea or coffee, and church-based organizations in the U.S. such as Ten Thousand Villages and SERRV. A separate "solidarity strand" arose from activist movements on the political left beginning in the 1960s, including groups like Twin Trading in the U.K., which created markets for the products of socialist states like Cuba, North Vietnam, and Mozambique that were blocked from international trade. In the mid-1980s, Equal Exchange was founded in the U.S. and sold Nicaraguan coffee to circumvent the U.S. government's embargo on that country. These various initiatives were referred to as alternative trading organizations (ATOs).

But it was not until 1988 that fair trade in its current form emerged. UCIRI, a cooperative of indigenous coffee farmers in the southern Mexican state of Oaxaca whose members were struggling with predatory intermediaries, allied with the Dutch NGO Solidaridad to try to create a bigger, fairer, more direct market for their coffee in the North. What emerged was the Max Havelaar label, a social certification that could be placed on coffee sold under any existing brand that abided by its criteria. These criteria included a higher, stable price set above the world price, and partial credit or pre-payment before the harvest was delivered, to allow farmers to escape from debt. Sales of Max Havelaar grew rapidly and the fair trade model soon spread across Europe, with each country developing its own licensing and certification body. The basic goal was to link democratically-organized small producers more directly with concerned consumers, removing many of the links in the commodity chain and freeing up more capital to be returned to the producers in the form of a higher, fairer price. Fair trade soon moved beyond coffee to include other commodities—initially tea, cocoa, and bananas, and later rice, sugar, honey, wine grapes and other fruit crops, and many more products. In 1997, all of the European fair trade groups came together to create an umbrella certification body called FLO, and by 1999, fair trade certification had spread to the U.S., Canada, and Japan. By this point, the bulk of fair trade sales consisted of coffee and other food products, rather than crafts and artisanal goods. A portion of fair trade sales still took place through ATOs—including nonprofit groups or worker cooperatives like Cafédirect and Divine Chocolate in Britain, and Equal Exchange in the U.S.—but increasingly the new volumes came from a "mainstreaming" strategy, which aimed to persuade conventional retail corporations to sell fair trade-certified goods. This mainstreaming approach has led to a dramatic increase in fair trade sales, which as of 2017 have surpassed $8 billion worldwide, yet it has also sowed the seeds of the key struggles that have affected the movement over the past 15 years.

How do consumers know that the products they are buying were produced under fair(er) conditions? Since the Max Havelaar label appeared in Europe, the fair trade movement has relied on labeling, backed by third-party (independent) certification and based on detailed standards, to attest to the social conditions of production. In order to place the label on their products, retail companies must meet a series of criteria. Buyers must pay a minimum price (also called the floor price) for a given commodity, which protects farmers against fluctuations in world markets, plus an additional "social premium" to fund social development projects for producers. For example, as of 2017, the minimum fair-trade price for green coffee was US $1.40 per pound, plus a social premium of 20 cents per pound, totaling $1.60. If the coffee is also certified organic, an extra premium of 30 cents per pound must be added. It is important to note that these amounts are paid to producer organizations, not directly to farmers; the costs of administration and transportation often reduce substantially the price farmers actually receive.

As fair trade expanded into products like tea and bananas, which are often grown on plantations or estates by hired laborers (but also by small producers in many places), fair trade organizations developed a second set of standards for these plantation settings, which are recognized as an arena of highly unequal, often exploitative, labor relations. In this context, fair trade certification means that the social premium amount is paid into a fund to be administered by a "joint body" of workers and management for the benefit of workers. It also requires that owners must respect workers' right to form independent unions or associations, and that they adhere to national labor laws, including payment of minimum wages.

However, unlike labor laws enforced by governments, fair trade certifications are created by nonprofit, civil society organizations, most of which emerged from social movements, and they are voluntary. Agrifood scholars refer to such certifications as a form of **nonstate regulation** (see Lesson 5). While the content of standards and the process of certification might appear to be a dry, technical matter, in the case of fair trade it has proven to be a highly contentious issue, as we will see below.

The Social Impact of Fair Trade

First, however, let's examine whether fair trade lives up to the claims of its advocates. According to the international certifier Fairtrade International (formerly FLO), "[w]hen farmers can sell on Fairtrade terms, it provides them with a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. Fairtrade offers consumers a powerful way to reduce poverty through their every day shopping" (Fairtrade International 2016). The U.S. certifier Fair Trade USA claims that its standards "promote safe, healthy working conditions, protect the environment, enable transparency, and empower communities to build strong, thriving businesses. When you choose products with the Fair Trade label, your day-to-day purchases can improve an entire community's day-to-day lives" (Fair Trade USA 2016).

These are big promises. In order to get a handle on the social impacts that fair trade markets can generate, we'll take a brief look at findings from research on two case studies of fair trade in action—one involving small-scale coffee farmers, and the other hired laborers on tea plantations.

Smallholder Coffee Producers in Mexico

Approximately 70 percent of the world's coffee is produced by small-scale farmers, who grow it on plots that they own or rent. In Mexico, the world's seventh-largest coffee producer, smallholders play an especially important role: 64 percent of the nation's coffee land is held by peasant and indigenous producers growing less than 5 hectares (12 acres) of coffee. Moreover, two-thirds of the producers who grow less than 2 hectares (5 acres)—almost half of all Mexican coffee farmers—are indigenous people.

My own research on fair trade examines coffee producers in the Sierra Juárez mountains of Oaxaca, Mexico's most indigenous state (Jaffee 2014). The Zapotec indigenous communities in this region, who have inhabited the same lands for over a millennium, have only cultivated coffee for about a century, and only since the 1950s has it been a significant cash crop. These communities were greatly harmed by the coffee price crash of the early 1990s and the more severe crisis of 1999-2005, when world prices hit rock bottom, families' incomes from coffee plummeted by as much as 85%, and many producers abandoned their coffee plots. In those years, the prices paid by fair trade buyers were much higher those offered by the conventional market. In that context, this study aimed to answer a seemingly straightforward question: What difference does a fair trade market make? That is, what are the social, economic, and environmental benefits of fair trade for the producers who participate?

I focused on a democratic, indigenous small-producer organization called Michiza, which was founded in 1985 to escape the grip of predatory intermediaries and thus access a fairer price for its members, much like UCIRI. Michiza has approximately 1,000 member households in over 40 communities across the state of Oaxaca. This mixed-method study (combining ethnographic and survey research) compared two groups of households during the depths of the most recent price crisis: organized producers who were members of Michiza and sold their coffee through the international fair trade market; and unorganized families in the same villages, whose coffee was sold to *coyotes*, local intermediaries who then sold it onto the conventional world coffee market.

The study's findings illustrate the complexities and contradictions that can be generated by an alternative market system. The fair-trade households in Michiza received four times more *gross* income for their coffee than their non-member neighbors, because of the higher fair trade prices. However, partly because their coffee is certified organic—which requires substantially more labor (including hired labor)—their costs were much higher too. Once their expenses were taken into account, the study found that fair-trade households' average *net* yearly coffee earnings were only US $230, after thousands of hours of exhausting family labor. The unorganized households, on the other hand, earned an average of $48 for their harvest—virtually nothing. However, because the Michiza members hired many of their non-fair trade neighbors to bring in their harvest, the higher incomes generated by fair trade prices were spread throughout the community, generating positive economic ripple effects.

In other areas, the benefits of fair trade were clearer. Michiza member families were significantly less indebted than the conventional households, and less likely to stay in debt year after year. This was partly because fair trade's pre-harvest credit enabled Michiza to give its members part of their payment in advance, eliminating the need to turn to local moneylenders. I also looked at issues of hunger and food security, and found that fair-trade households were significantly more food secure and experienced fewer food shortages than their neighbors who were not Michiza members.

There were also important environmental benefits, mostly linked to the fact that fair-trade producers perform a series of tasks in order to maintain their organic coffee certification—which for Michiza is the ticket to accessing the higher prices of fair trade (because many buyers only want coffee that is both organic and fair trade certified). Michiza members are required to compost their acidic coffee pulp and to spread the finished compost on their coffee plants; they also have to build terraces to deter soil erosion and trap nutrients and organic matter. Beyond being environmentally beneficial, these practices also led to higher coffee yields than those of the non-fair trade producers. The Michiza members also applied these organic practices to their own food crops.

The qualitative part of the study also identified several less tangible, but equally important, benefits to Michiza member households. These included greater participation by women, both as heads of households making decisions about production and the use of fair-trade income, and increasingly as leaders of the cooperative organization, assuming greater power over Michiza's direction. Other intangible benefits for cooperative members included acquiring education and new skills through involvement in collaborative production, leadership in the organization, and greater knowledge and transparency about the markets for their crops. A member of Michiza's leadership council expressed it this way: "The producer says, 'Well, maybe I'm not earning too much money [in fair trade]…but I'm learning the kinds of things I didn't have when I was a conventional producer.' They get to know more people, they know that their coffee is being sold for a certain price, and they know where it ends up, and that nobody—at least not within the cooperative—is lining their pockets with the difference. They have more information, they have come to value many things they didn't value before….and they say 'Well that is a profit too, right?' That is a profit." (Rigoberto Contreras, quoted in Jaffee 2014: 245).

However, fair trade does not operate within a vacuum: small-scale coffee producers in Mexico and elsewhere are impacted by broader economic and political forces affecting these regions and peasant agriculture in general, something I discuss further below. Also, since this study was completed, the coffee harvests of these Oaxacan farmers (and thus their coffee incomes) have been harmed by weather conditions linked to climate change, and more recently by a disease known as coffee leaf rust (or *roya*), which has decimated harvests across Central America, and has now spread into Mexico and South America.

Waged Tea Laborers in India and Kenya

Of the plantation crops that Fairtrade International does certify, tea is the most significant, with 123,000 waged workers. Fair-trade certified tea is produced by hired tea pickers on plantations in Asia and Africa (as well as by small farmers), with India and Kenya the dominant producers. Several researchers have studied what the hired labor model of fair trade means for these workers. Anthropologist Sarah Besky lived and worked on tea estates in the Darjeeling region of northern India, and her ethnographic research examined the struggles for social justice and labor rights that are taking place on those plantations. She found that in the case of India—unlike many other nations—wages and labor conditions are tightly regulated by the government, under the Plantations Labor Act of 1951, passed shortly after independence from Britain. The law mandates that employers provide workers with healthcare, education, housing, and food, and it also regulates pickers' wages; these protections are reinforced through negotiations between labor unions and estate owners (Besky 2014). According to Besky, these labor rights regulations made Darjeeling tea plantations especially attractive to buyers who were seeking fair-trade certified tea starting in the 1990s. Plantation owners must put the fair trade social premium payments into a fund to be administered by a “joint body,” composed of workers and management, for the benefit of workers. However, Besky found that many Darjeeling plantation owners were using the fair-trade social premium to pay for the very same worker benefits and wages that they had already been providing as required under Indian labor law for over 50 years. In other words, they did not provide any new protections or income to workers because of fair trade certification.

Sociologist Rie Makita also studied Darjeeling tea plantations and echoes some of Besky’s conclusions: she found that the required fair-trade joint body did not meet regularly and contained no workers, contrary to FTI standards. She also writes that while workers did receive some financial benefit from the premium funds, these were all in the form of loans, some of which came from a microcredit program personally administered by the plantation’s manager (Makita 2012).

Yet there are a few counter-examples in which plantation workers receive more substantial benefits from fair trade. Fair-trade wine grape plantations in South Africa, because of the country’s legacy of racial apartheid, have a unique requirement that the workers must own at least 25 percent of the plantation (and receive a proportional share of profits), an arrangement that can generate more meaningful financial and labor-rights benefits (Jari and Snowball 2015). Some critics argue that this co-ownership requirement should be extended to fair-trade plantations in all countries.

Across fair trade plantations in all crops worldwide in 2014, the fair trade premium amount averaged a modest $117 (US) per worker. According to FTI, 64 percent of these premium funds were spent on housing, education, healthcare, and other services directly for workers, while 20 percent were spent on community-level projects (Fairtrade International 2015).

Stepping back a bit, what does the academic literature say about fair trade's overall impact on social conditions for both small farmers and waged workers? As the above examples indicate, the picture is complex. Most fair-trade scholars agree that for small-scale, organized peasant farmers, fair trade does indeed make a difference, although usually not a transformative difference. Fair trade rarely brings small-scale producers out of poverty, but it often gives them greater economic stability due to somewhat higher and less volatile prices for their crops. It can also generate important non-economic benefits, such as better knowledge and transparency about markets and prices, lessening or ending farmers' exposure to pesticides, strengthening their independent organizations, and increased participation and social status for women. On the question of whether the plantation fair trade model (beyond only tea) can meaningfully improve livelihoods for waged workers, the verdict is less clear. Anthropologist Sarah Lyon concludes that "[i]n its current form fair trade certification provides few identifiable advantages to waged agricultural laborers" (Lyon 2015: 159).

Overall, assessing the large body of social science literature that exists, the social and economic benefits of fair trade are much clearer and easier to identify for organized small farmers than they are for hired plantation workers, at least at the present time.

Key Controversies Within Fair Trade

Since the late 1990s, several issues have generated substantial controversy among different groups of participants in fair trade. These conflicts have also highlighted the tensions between fair trade's multiple identities: as a social *movement*, as a certification *system*, and as a *market* for agrifood products.

The first major area of controversy involves the role of large agrifood corporations in the fair trade system, especially since 2000. In that year, the specialty coffee giant Starbucks—initially pushed by activist groups such as Global Exchange—started purchasing fair-trade certified coffee. Since then, many large corporations, including Dole, Nestlé, Cadbury, Walmart, McDonalds, and Dunkin' Donuts, attracted by the potential profits, have started producing and/or selling some fair-trade certified products. As discussed above, this mainstreaming strategy has led to a dramatic increase in fair trade sales in North America, Europe, and beyond—which has translated into more income for producers. However, these large corporate players bring much greater power and a very different set of motivations to the table than the small, "movement-oriented" companies and nonprofit groups that originally founded fair trade. This raises the key question of whether the major growth achieved through conventional agrifood corporations is a sign of success for the movement, as some promoters claim, or a threat to fair trade's founding principles, as some critics assert.

The entry of these companies into fair trade was controversial partly because most were only selling very small volumes of fair-trade products. For example, Nestlé—which received fair trade certification in 2005 in Great Britain for its Partners Blend coffee label—was by 2008 still only purchasing 0.25% of its total coffee supply under fair-trade conditions (Howard and Jaffee 2013). Activists charged that Nestlé, which had been the target of a consumer boycott for over 20 years for its infant formula marketing practices in the global South, was engaged in "**fairwashing**"—a practice similar to greenwashing, in which corporations that sell minimal quantities of fair-trade certified goods use the "halo effect" of fair trade in their advertising and PR to persuade consumers that they are socially responsible. Put another way, should companies with documented histories of problematic labor, human rights, or environmental practices be allowed to burnish their corporate images with the fair trade seal? If the answer is yes, should they be required to purchase at least a certain percentage of their supply under fair-trade conditions in order to have the right to use the label on any of their products? If so, what should that minimum threshold be, and should it be raised over time?

A second, related issue is the tension between the original, small-producer model of fair trade and the newer plantation mode involving waged laborers. The movement has become increasingly divided over a key question: should international fair-trade certification be opened up to plantations in all crops, rather than keeping several of the most important crops for small farmers only, as it currently does? These six crops—coffee, cacao, cotton, rice, honey, and sugar—together account for over 75 percent of world fair trade sales. For example, under the current FTI standards, fair-trade coffee—even if it is sold by a large corporate firm like Starbucks—must still be purchased from small farmer cooperatives like Michiza. Advocates of opening up certification to all plantation crops, including the U.S. certifier Fair Trade USA and some large retail grocery chains, say that waged laborers in large-scale agribusiness are among the most exploited workers, and that they need the labor protections and extra income fair trade could provide. On the other hand, small farmer groups, many fair trade NGOs, and most 100-percent fair trade retailers respond that small producers would be undercut and outcompeted by cheaper supplies of the same crops from plantations, and that large retail chains would switch to buying from large-scale producers instead of organized small farmers if they were allowed to.

It is also worth considering how plantation agriculture fits into the larger forces at work in the global agrifood system. Small-scale peasant farmers around the world are increasingly being driven off of their land and into the waged labor force, in a process known as **depeasantization.** According to sociologist Philip McMichael, "commercial agriculture and habitat degradation routinely expel peasants …from rural livelihoods" (2012: 171). Although monocrop plantations are a legacy of the colonial era, this form of commercial agriculture continues to expand today. The causes of depeasantization also include global trade agreements that have lowered tariffs and led to "dumping" of cheap, subsidized, imported food that undercuts peasant farmers. They also include the phenomenon of "land grabs," in which investors and some national governments are buying up or leasing massive areas of land (estimated at over 100 million acres) in Africa and elsewhere in the South, much of it inhabited by rural communities without secure land titles, who are usually displaced from their land. The journalist Stefano Liberti, in his book *Land Grabbing*, quotes a manager of a land investment fund speaking to a conference of elite investors: "There's no point in trying to fool ourselves. Large-scale agricultural businesses take land, water, and markets from small farmers" (Liberti 2013). Many of these displaced peasants either migrate to cities or become workers on nearby plantations. While exceptions do exist, plantations are typically marked by highly unequal social power between workers and owners, with laborers often exposed to labor rights abuses and toxic agrochemicals; only a tiny proportion are represented by labor unions. Clearly, waged plantation laborers need better tools to protect their human rights and achieve fairer pay. The question currently being debated within the fair trade movement is whether fair trade is the most appropriate model to protect these workers in crops like coffee, cacao, and sugar cane, which are also produced by many economically vulnerable smallholders. As of 2014, there were 204,000 hired laborers in the Fairtrade International system—over half of whom were tea pickers—compared with 1.45 million small farmers. FTI is presently strengthening its standards for plantation workers in the crops it does certify, and is moving to require living wages and stronger protections for union organizing (Stevis 2015).

This tension over the role of plantations recently caused a major split within fair trade. In 2011, Fair Trade USA shocked the movement when it announced that it would leave the international certification system governed by FTI in order to create its own certification that allows all crops grown on plantations. Fair Trade USA's CEO, Paul Rice, wrote that "through this more inclusive model, [we] can reach over four million farmworkers who are currently excluded from the system." On the other hand, Ryan Zinn of the NGO Fair World Project argued that allowing unlimited plantation crops into the fair-trade system "would undermine 25 years of fair trade development" with democratically-organized small producers. One effect of this split is that in the U.S., the same Fair Trade USA seal now appears both on coffee from plantations and coffee grown by small farmers, meaning that consumers can no longer distinguish between these two models. Dean Cycon, owner of the coffee roaster Dean's Beans, alleged that "Starbucks, Green Mountain, and other coffee companies will [now] be able to become 100 percent fair trade not because they've changed their business practices one iota, but because Fair Trade USA has changed the rules of the game."

A third contentious issue involves multi-ingredient products. It is one thing to make the connection between your purchase of a bag of whole-bean coffee—which is a single, discrete product that undergoes only a few changes between harvest and grinding—and the higher price that organized producers will ultimately receive for that coffee. But what about a "composite" product like ice cream or a chocolate bar that contains many ingredients, only some of which are fair-trade certified (such as sugar or vanilla)? What is the minimum percentage of fair-trade content that a product should contain in order to be allowed to bear the fair trade label? Should companies be required to purchase all ingredients that are commercially available from fair-trade sources, or should they be free to include conventional ingredients in fair-trade labeled products instead? All of these issues are addressed by the FTI standards, and they are currently being disputed among producer groups, activist NGOs, and commercial firms.

A fourth and final issue—following Fair Trade USA's departure from the international system—has been the appearance of several new, competing fair trade seals in the United States, each of which encodes different values and supports different sets of social relations. One of these new seals, Fair Trade America, was established by FTI to certify U.S. products that meet its international standards, which still prohibit plantation-grown coffee and several other crops and contain more rigorous labor-rights conditions. Another is the Small Producer Symbol (SPP), created by the Latin American fair-trade producer group CLAC, which only certifies the crops of organized smallholders, requires companies to adhere to a minimum level of fair-trade purchases (eventually rising to 25 percent of total volume), prohibits companies with a history of labor rights violations, and sets a higher minimum price than FTI. Finally, the Fair for Life seal, created by the organic certifier IMO, allows plantations in any crop, but also mandates a minimum of 80 percent fair-trade content in a product in order to use its seal, and requires scrutiny of companies' labor practices not only at the production end of the commodity chain, but throughout their entire business operations. With multiple options to choose from, a number of food companies have recently switched certifications.

This proliferation of fair-trade labels is a double-edged sword. It means that U.S. consumers can no longer simply "look for the label"—instead they must do some of their own research and balance a range of different factors. At the same time, it offers consumers the option to express their preference for alternative models of fairness in the global trading system.

In summary, fair trade standards are a highly contested arena. This is because much is at stake: these complex standards determine how much income producer groups and workers will receive for their crops and what markets will be open to them, as well as how much flexibility and profit retail companies will have in purchasing, labeling, and selling fair-trade goods.

Where Now for Fair Trade?

As fair trade approaches the end of its third decade, it is both more successful and more divided than ever. According to the most recent data (from 2014), there were 977 small farmer organizations in 74 countries in the international fair trade system that collectively represented 1.45 million producer members—a growth of more than 50% since 2010. There were also 229 plantations or estates with hired labor in the FTI system employing 204,000 workers, a growth of 79% since 2010 (Fairtrade International 2015). At the same time, consumer demand for fair-trade products has not kept up with this growing supply. Across all crops, producer organizations on the FTI fair trade register were only able to sell an average of 39% of their total production at fair-trade terms. This means that 61% of their crops still must be sold to conventional buyers, almost always at lower prices and less favorable terms. Fair-trade coffee organizations were only able to sell 28% of their total production at fair-trade terms; for tea, the figure was a mere 10%. In other words, there is still a great deal of work to do in increasing consumer demand for fair trade products and realizing fair trade's potential to improve producers' livelihoods.

Because of the tensions discussed above—especially over the role of mainstream corporations and plantations—fair trade now stands at a fork in the road regarding what its primary mission will be in the future. Should fair trade continue to be mainly a tool to generate greater social and economic justice for structurally disadvantaged small-scale farmers, or should it instead be a device to modestly ameliorate the worst labor rights abuses in global agribusiness? These two visions are different enough that it may be difficult to reconcile them within a single certification system, as Fair Trade USA's recent departure from the international system suggests. They also highlight the divergent values and structural interests of different groups of participants in the fair trade system: small-scale farmers, plantation owners, small fair trade retailers, large corporate firms, supermarket chains, and others.

These differences, in turn, raise basic questions about the tension between fair trade's multiple identities: as a movement, a market, or a system. Most of the statistics about fair trade sales, volumes, and growth in this lesson refer to the certified model of fair trade that since 1997 has been administered at the international level by FTI (formerly FLO). For many years, most fair trade participants operated on the tacit premise that this formal *system*, and the certified fair trade *market* it regulated, was synonymous with the *social movements* that created fair trade beginning in the 1980s. However, since roughly 2000, the controversies I described earlier have increasingly challenged that premise. Some fair trade movement pioneers even argue that it is time to move beyond certified fair trade entirely.

However, there is also a countermovement within the formal fair-trade system that has pushed back against some of the more controversial policies and achieved some major reforms, including higher minimum prices for several crops and greater representation for small producers within FTI's governance structure. This countermovement includes organized producer assemblies within FTI and also advocacy NGOs such as the Fair World Project, which evaluates fair-trade certifications and pushes certifiers to adopt policies that are more favorable to small-scale producers.

The last decade has also seen an expansion of fair trade in new directions, beyond the formal certification system and the traditional South-to-North model. These include domestic fair trade initiatives in some nations of the South, notably Mexico, Brazil, and South Africa, which in turn form part of the larger "solidarity economy" movement that links small producers, social-movement groups, and cooperatives to build alternative domestic economic networks. A number of social-movement groups in the North have also adapted this model to link domestic farmers and farmworkers to fairer markets, using certification but without employing the term "fair trade." In the U.S., these include the Food Justice Certified label created by the Agricultural Justice Project, and the Fair Food Program created by the Florida-based farmworker organization Coalition of Immokalee Workers.

Some fair trade movement participants argue that this growing diversity of fair-trade models and initiatives is a positive development that can help return fair trade to its founding principles. Matt Earley, the co-owner of Just Coffee, a Wisconsin-based coffee roaster, argues that "[i]f we want to build an authentic model of fair trade that lives up to its name, we must work directly with small farmers and transform the term from a marketing device to a real movement based on building economic democracy."

Conclusion

As this lesson illustrates, fair trade's original aim to operate "in and against the market"—to create an alternative market system that rectifies the injustices in global agrifood trade—is a challenging task indeed. Fair trade uses many of the existing structures and participants in the mainstream global market, while it simultaneously attempts to redistribute wealth and power within that system. However, because many of those conventional market actors have interests that are quite different from those of the small producers and alternative traders who created this movement in the first place, fair trade has become a highly contested arena.

This raises the much bigger question of the limits of market approaches to achieving social justice. Can market-based tools like voluntary product certification—a form of nonstate regulation—really deliver fundamental social and economic change? Can we shop our way to social justice?

Fair trade has generated substantial social, economic, and environmental benefits for many small producers and their organizations. Nevertheless, these same producers are also affected by the broader structural dynamics in the global economy that continue to disadvantage rural and indigenous communities across the global South. The Indian scientist and activist Vandana Shiva illustrates this point:

> While so many people in the North are rich, and most people in the South are poor, some fair trade initiatives might survive, in the short run, by trading partnerships between consumers in the North and producers in the South. But as this [neoliberal] economic model unfolds … the low, artificially low prices of agribusiness-dominated agriculture will make fair trade such a luxury that it will start to shrink again.

In other words, market-based social change initiatives like fair trade are necessary and vital, but alone they will almost certainly be insufficient. The dominant ideology of the past 40 years tells us that our primary identity is that of consumers, rather than citizens (see Lesson 7). Fair trade's widespread appeal is understandable, because it offers us a hopeful vision that is compatible with the dominant neoliberal ideology many observers call "market fundamentalism," which holds that the market is the only acceptable venue for social change. However, there is a limitation to our power as consumers in this arena. The British author George Monbiot captures this tension succinctly:

> I can congratulate myself for not buying cocoa produced by slaves, but my purchases of fairly traded cocoa do not help to bring the [modern] slave trade to an end, because they don't prevent other people from buying cocoa whose production depends on slavery. This is not to say that voluntary fair trade is pointless—it has distributed wealth to impoverished people—simply that, while it encourages good practice, it does not discourage bad practice.

What, then, *would* be effective at curbing or ending this "bad practice"? Part of the answer would likely involve creating legally binding minimum international standards for labor rights, and mechanisms for regulating the volatility in global commodity markets. Such large-scale changes will not come from the purchasing choices of even millions of consumers. Rather, they must come from the only institutions large and powerful enough to legally enforce such systemic change—governments and international institutions—who in turn will only act if pressured to do so by organized movements of engaged citizens. What would it mean to operate as citizens, rather than merely consumers? We would do well to consider how to link concrete consumer actions, such as purchases of certified fair-trade goods, to engagement with much broader and deeper social movements that are aiming to change the ground rules of the global economy. Perhaps in this way, fair trade could be a first step toward making *all* trade fair.

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