

MSU Social Justice Lecture series, March 17, 2015

“How Fair is Fair? – Fair Trade and Social Justice”

Presenters: Drs. Mara Fridell & Mark Hudson
Department of Sociology
University of Manitoba

Notes by Sally Coomes and Paul Renshaw

It is gratifying to see the increase in focus on Fair Trade among the general public.

FAIR TRADE – HOW IT BEGAN

Early intentions: Coffee is the major Fair Trade commodity but, actually, a late comer. Fair Trade began in the mid-1940's when Edna Byler, a Mennonite traveled to Puerto Rico, purchased handcrafted lace items and brought them back for sale. The initial focus was thus on crafts.

In North America Fair Trade coffee was first brought into the USA by Equal Exchange (Massachusetts) in 1986, over ten years before certification began. At that time President Reagan imposed a trade embargo with Nicaragua which cut off imports to the US, so Equal Exchange got around this by transporting cooperatively-produced coffee beans to Holland where it was processed and then sent to the U.S. as a Dutch product. (The US Government then tried, but ultimately failed, to stop Equal Exchange in this venture and, eventually, Nicaraguan Fair Trade coffee came to be imported directly.)

In the 1990's, with coffee as the “battering ram”, the Fair Trade movement grew, especially in Western Europe. The initial basis of “trust” gave way to more organized national systems of “guarantees”. This was expressed through labels designating products certified as “Fair Trade” or, increasingly, “Fairtrade”. In the USA certification started in 1998 with the establishment of TransFair USA, known since 2012 as Fair Trade USA. Growth in Fair Trade certification has been impressive since it began, though the field of “ethical” labels is now much more crowded and complicated.

COFFEE

Most coffee is grown in the sun on plantations and large estates after land has been cleared. In this monocultural system coffee grows faster, requires more water, fertilizer and pesticides and degrades ecosystems.

The majority of Fair Trade coffee is grown in cooperatives and in the shade, often organically. It grows more slowly, requires less water, fertilizer and pesticides, produces less per acre but helps to maintain biodiversity. There are obvious reasons why it can be more expensive.

PROMISES OF FAIR TRADE - giving producers in the Global South a better deal:

A Fair Trade minimum price (e.g. \$1.40 per pound of coffee) is set by Fairtrade International, the global standard-setting agency (of which Fair Trade USA was a member 1998-2012). Organic coffee producers receive an additional premium of \$0.20 per pound. The Fair Trade price is a guaranteed minimum so as to give coffee farmers economic stability because of the volatility of commodity prices on the world market.

The Fair Trade farmer can do better than other farmers, though it is important to realize that measuring the impact of Fair Trade on poverty levels in coffee-growing regions is not an easy exercise. Every locality is unique in some ways. Net income gains may be very modest when the costs of extra labor and certification are taken in to account.

However, there is more to poverty-alleviation than increasing incomes, as the speakers came to appreciate from visits to Fair Trade producers in Mexico in 1997 and 2004.

Fair Trade farmers have benefited in other ways including security of land ownership, income predictability, and capacity to invest in the future.

The Fair Trade system, apart from providing a financial safety net, allocates a 'Fair Trade Social Premium' (a small percentage of the purchase price of Fair Trade products) to provides community development funds for producer groups to decided how to use (e.g. transport, schools, clinics, water systems, scholarships, communications equipment etc.)

An appreciation of the way the Fair Trade system works can produce a charitable response among many. This does some good, even engendering a 'warm glow' in the purchaser. Income does flow from rich to poor, but the impact of the Fair Trade system will, overall, be limited.

PROMISES OF FAIR TRADE – combating commodity fetishism:

Karl Marx made some important observations about the capitalist commodity system. He argued that social relations between people are hidden, camouflaged as relations between things, resulting in what he called "commodity fetishism". [For example, the very real differences in the labor involved in growing coffee and serving it in a café are hidden in the sphere of exchange – 'abstract labor' in Marxist terms. This is inevitable in a system where labor does not have a permanent specific function. *This is part of the explanation given in Mark and Mara's book about Fair Trade – the full title is given at the end.*]

The questions that Fair Trade asks - Who made this?, How was it made? With what consequences? Who benefits? To what extent? – help to combat the homogenizing influence of unconscious "commodity fetishism", even though there is a risk of the Fair Trade label itself becoming fetishized if the purchaser believes it has more power than it can bear.

Questions asked by Fair Trade unearth inequalities that are real – and can act as the gateway to political action.

WHAT INFLUENCES PEOPLE TO BUY FAIR TRADE PRODUCTS?

Most important is messaging: In a 1970's paper it was declared that if the seller knows more than the buyer, that can lead to "lemons" (like un-roadworthy used cars) dominating the market.

When we buy a "Fair Trade Certified" product, we can't see or smell the "fairness". We have to rely on the label. Over the last 15-20 years so-called "ethical" labels – offering varying standards - have proliferated, to the confusion of buyers.

Fair Trade has felt pressure to water down its standards because of the "market" in labels. This has led to major disagreements within the Fair Trade movement. Standards for one product differ from another, especially as between co-op and plantation-grown crops. Fair Trade USA split from Fairtrade International in 2012 because the global body refused to certify coffee grown outside cooperatives.

When Fair Trade USA tried to get major companies (e.g. Starbucks, Kraft, Nestle) to take 5% of the coffee or cocoa from Fair Trade sources within a defined period under a Fair Trade license agreement, it found resistance. Major companies declined to do this, but were still certified in the interests of increasing the amount of the product labeled as Fair Trade – which, of course, still benefit the producers in the Global South. Now the percentage is left to businesses. Meanwhile, fully committed 100% Fair Trade companies are punished financially.

CHALLENGING FACING CONSUMERS

Companies marketing Fair Trade products are working less hard on telling the real story behind their Fair Trade products and are relying on the presence of the label to validate the product's ethical basis.

The proliferation of "ethical" labels is making it more important than ever to differentiate Fair Trade from other labels (Rainforest Alliance, Bird-Friendly) which do not offer a minimum income guarantee.

The need to recognize the significance of political action is clear. Third-party certification is a response to the withdrawal of governments from the regulation of trade. As a function of the private sector it has inevitably become subject to market influences, even as it has tried to influence the market. Ultimately, governments will need to resume a regulatory function (as with the USDA Organic Certification). In the meantime, the question remains as to how consumers can use their consciousness of the realities beneath trade relations to bring about a fairer outcome for producers in the Global South.

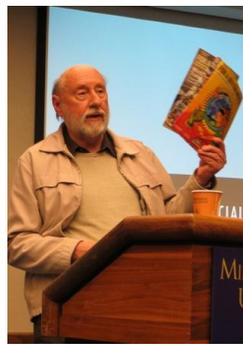
*co-authors of "[Fair Trade, Sustainability and Social Change](#)" (Palgrave MacMillan, 2013)



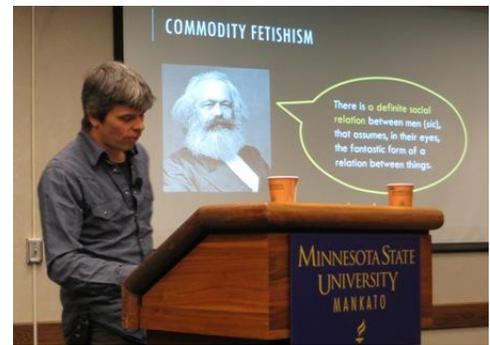
Dr. Carol Glasser, Series Organizer, giving a welcome



Dr. Paul Prew introducing the speakers



Paul Renshaw advertising Fair Trade literature



Mark Hudson speaking about Karl Marx's analysis of the commodity economy



Mara Fridell speaking about the potential contribution of Fair Trade to "decommodification"



Mara making a point afterwards to Dr. Lou Schwartzkopf, Emeritus Professor of Physics at MSU

Mark Hudson and Maya Fridell with MAFTTI Steering Committee members



Left to right:
Arlene Renshaw
Mark Hudson
Mara Fridell
Paul Renshaw
Margo Druschel
Paul Prew
Jane Dow

