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Ian Hudson, Mark Hudson, and Mara Fridell

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For my parents, Peter and Suzanne—MH

For John Loxley—IH

For my parents, Kirsten and Gary—MF

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Abbreviations

4C	Common Code for the Coffee Community
ATO	Alternative Trade Organization
C.A.F.E.	Coffee and Farmer Equity Program
CSR	Corporate Social Responsibility
EFTA	European Fair Trade Association
FDB	Danish Consumers' Cooperative Society
FLO-CERT	Fair Trade Labeling Organization—Inspection and Certification of Producer Organizations
FLO e.V.	Fair Trade Labeling Organization—Standard Setting and Producer Support
FLO	Fair Trade International
FTF	Fair Trade Federation
FTO	Fair Trade Organization
FTUSA	Fair Trade USA
GM	Genetically modified
GWC	Good Working Conditions
IBFAN	International Baby Food Action Network
ICA	International Coffee Agreement
ICO	International Coffee Organization
ICR	International Coffee Producers' Register
IFAT	International Federation for Alternative Trade
ILO	International Labor Organization
IMF	International Monetary Fund
ISMAM	*Indigenes de la Sierra Madre de Motozintla*
KNCU	Kilimanjaro Native Cooperative Union
MCC	Mennonite Central Committee
NAATO	North American Alternative Trade Organization
NCA	National Coffee Association
NEWS!	Network of European World Shops
P&G	Proctor and Gamble
RA	Rainforest Alliance
RM	Resource Mobilization
SAP	Structural Adjustment Program
SERRV	Sales Exchange for Refugee Rehabilitation and Vocation
SFTMS	Sustainable Fair Trade Management System

SMO	Social Movement Organization
UC	UTZ Certified
UNCTAD	United Nations Conference on Trade and Development
USDA	United States Department of Agriculture
VCA	Value Chain Analysis
WFTO	World Fair Trade Organization
WTO	World Trade Organization

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Things and What They Hide

On April 1, 2008, as part of their 'Earth Month' marketing campaign, Walmart stores rolled out their very own Fair Trade Certified™ coffee. The press release, sub-titled 'Retailer Answers Coffee Drinkers' Demands for Guilt-Free Gourmet Taste,' read: 'Bolstering Walmart's ongoing commitment to environmental issues, these first Sam's Choice brand coffees . . . are part of an Earth Month expansion of eco-friendly products that help consumers live better without compromising budget.' They further reported that the new coffees (including not just a fair trade option but also a brand certified by the Rainforest Alliance, and a United States Department of Agriculture [USDA]-certified organic blend) were all roasted by the world's first CarbonNeutral® coffee roaster.

The doors of the biggest North American retailer had been breached. Commodities meant to carry a message about globally unequal exchange and the need for solidarity between peasant farmers and Northern shoppers were flowing into and out of the most mainstream of outlets. The company, which had long been an obvious target for those in the labor, environmental, and social justice movements, became one of the top three retailers of fair trade coffee in the United States. The top company on that list is Starbucks, a company not widely loved by those in the alternative globalization circles that have tended to support fair trade. In addition to the glowing publicity generated in the mainstream press, blogs focusing on sustainable food and global justice applauded Walmart's decision. However, for many who had been active in the fair trade movement, the headlines announcing the Walmart launch must have been remarkably disconcerting. What kind of strange new age had dawned, when the Walmart corporation—infamous for its ruthless exploitation of workers and relentless drive for low prices at any cost—was clearing shelf space to make room for fair trade coffee? What meaning could possibly be taken from a packet of coffee proclaiming itself to be in the service of 'fairness' when the woman stocking it on the shelf can't afford rent and an adequate diet in the same month?

Stock-taking by fair trade movement activists was clearly required. Was this a great victory for the movement? Were we witnessing the fruition of decades of activist sweat, spent to 'make trade fair,' as the Oxfam slogan encouraged the world to do? Was the market working to meet the emergent preferences of affluent consumers for justice, poverty alleviation, and environmental sustainability? Press coverage certainly suggested this was the case, as did the major US labeling initiative, then known as Transfair USA. Paul Rice, the CEO of Transfair USA, commented in the *New York Times* that by putting its Member's Mark label on a fair trade coffee, Walmart was making a 'statement of their commitment to fair trade' (Downie 2007).

Spoiling the happy atmosphere that surrounded this win–win–win scenario for profit, consumer satisfaction, and the world's poor farmers,[1] an undertow of dissatisfaction could be detected in the activist ranks. At congresses, at meetings, and on online forums, long-serving fair trade workers lamented the wayward drift of a once-radical movement cozying up to the likes of McDonald's, Starbucks, Dunkin Donuts, and now Walmart. How could activists who had labored together for years, with the common goal of dismantling structures of unequal exchange between the North and the South, have such opposing reactions to what augured yet another healthy spike in the sales of fair trade coffee?

The answer is that fair trade, like most (if not all) social movements, is far from monolithic. We will not be the first to point out that fair traders, including those at all levels of activism and participation in the movement, while sharing a ride, have a variety of destinations in mind (see, e.g., Fridell 2006; Raynolds and Murray 2007, 223–224). For many, Walmart, regardless of (or perhaps precisely because of) its potential to reach an enormous number of new potential fair trade consumers, was not on the itinerary.

What was for some time an undercurrent of tension within the movement, reflected in the varied responses to the Walmart announcement, has recently become a very visible split, as the US labeling initiative (now called Fair Trade USA (FTUSA)) broke off from the international umbrella organization Fair Trade Labeling International Organization (FLO) on January 1, 2012. While the split was over what seemed to be technicalities in standard-setting and governance, it reflected profound differences in visions for fair trade's future. There were several contentious aspects of FTUSA's new standards, causing fair trade pioneers like Equal Exchange's Rink Dickinson to characterize FTUSA's actions as a 'betrayal' (Neuman 2011). FTUSA initially floated some extremely low draft standards for labeling foods with mixed ingredients which were recently revised upwards in response to a blizzard of protest.[2] However, the most significant aspect of FTUSA's new direction was their decision to allow coffee produced using hired and plantation-based labor to be certified—a move long considered but resisted within FLO, which still insists on only certifying democratically controlled cooperatives composed of small farmers. This was a hugely significant shift on the part of FTUSA, and one that, as our argument will reveal, darkens an already menacing shadow that hangs over the potential of fair trade as a transformative movement. A part of our motivation for writing this book is to describe the emergence of this rift in the movement and to chart what we envision to be the implications of pursuing the trajectories suggested by movement activists with different end goals, ideological leanings, and theoretical commitments. Another part of the motivation is to toss in our two cents on the debate about 'whither, fair trade,' while simultaneously advancing some arguments about the economics of certification and labeling, the process of social change, and the roles of states, markets, and civil society in the production of justice and its opposite.

Writing a book about fair trade—especially one that is interested in the potential of the movement as 'transformative'—implies a certain dissatisfaction with the current state of affairs and that dissatisfaction requires a (brief) defense. Our dissatisfaction lies with the specific set of processes that have come to be understood as 'globalization,' and with the results of those processes. Do not be alarmed. This is not primarily a book about globalization. Libraries are stuffed with these, and we do not intend to add to the weight. Merely mentioning the word will automatically elicit suspicion from those rightly put off by the ideological uses to which the term has been put and its numerous contradictory definitions. By 'globalization' we do not mean some neutral phenomenon of increasing connectedness across space, but the extension of a very specific set of rules that mediate the manner in which the world is increasingly connected. This is more accurately qualified as 'neoliberal globalization.' The usual rule book on this insists that governments pursue policies that rely on free markets and minimize direct state intervention. The foundational statement of the 'Washington Consensus' that sums up the basics of practical neoliberalism lists a ten-point catechism, including trade liberalization, deregulation of business, market-determined interest and exchange rates, privatization, an unrestrictive stance toward foreign direct investment, tax reform, and fiscal conservatism that aims in particular to eliminate subsidies (the original formulation being 'indiscriminate subsidies' which did not include things like expenditures on health and education) (Williamson 1990). The term 'Washington Consensus' refers, of course, to the epicenter of this political project, not the extent of its ripples, which reached well beyond the drainage of the Potomac. It became the basic framework for the restructuring of political economic systems in the North and South—a restructuring that came to be synonymous with 'globalization.'

Critics of fair trade argue that trade that is explicitly fair is unnecessary because neoliberal globalization is in the process of delivering exactly the benefits that fair trade is advocating—better conditions for producers and a production process that is more environmentally benign. Supporters of the status quo argue that allowing free markets to operate and extending the reach of 'globalization' are the most promising ways to alleviate suffering and improve the economic security of the billions who teeter on the precipice of the world's economic system (Callahan 2008; Sidwell 2008; Weber 2007). Poverty, in this view, is understood as 'residual' (Kaplinsky 2005, 48). Once globalization gets deep and wide enough, according to this view, the poor (those so far excluded from the boat-lifting tide) will be included in increasing global prosperity.

Despite the vitriol directed at the critics of neoliberal globalization,[3] this policy mix has had less-than-spectacular results for the world's poor, in whose interest all of this globalizing is allegedly occurring. It would be nice, given all of the social-scientific effort put behind measuring poverty and inequality, and all of the political rhetoric from G8 leaders about commitments to eradicating it, if we could say something unequivocal about poverty and inequality having been reduced at the end of the twentieth century. Many have, in fact, done so. Johan Norberg, in his book *In Defense of Global Capitalism* (2007), claims that the countries of the world are getting more and more equal, and that the claim of growing inequality under global capitalism is 'just wrong' (274). Martin Wolf, of the *Financial Times*, states: 'Globalization has not increased inequality. It has reduced it, just as it has reduced the incidence of poverty' (Wolf 2008, 184). Unfortunately, we can't make such assertions with any certainty. The reality is that contrary to celebratory reports emanating from neoliberalism's vanguard institutions, we just don't know much about poverty and inequality.

Both concepts turn out to be difficult to measure, particularly when it comes to comparing numbers across time and across borders, so drawing any simple conclusions is a slippery business. Starting with the more straightforward of the two concepts, what do we know about poverty? Putting aside the considerable criticisms of the data on incomes for the moment,[4] the World Bank announced in early 2008 that between 1990 and 2000 the number of people living below the 'extreme poverty' threshold decreased by some 850 million. Some of these graduated to the infinitely more desirable 'poverty' bracket, which expanded by about 40 million. As of 2004, the Bank reported, there were just under a billion people living below the threshold (World Bank 2008). However, the Bank's updated poverty figures, which include improved cost-of-living data, indicate that by 2005 the number of people living in extreme poverty was higher than initially believed—at 1.4 billion, down 500 million from 1981 (Ravallion and Chen 2008). Even in terms of sheer numbers, then, it seems that we have a hard time counting the poor, but the Bank shines a positive light on their new accounting, stressing that while there are more poor people than its economists had believed, poverty was still reduced—halved, in fact, as a percentage of the total developing world population (from 52 % to 25%) (Ravallion and Chen 2008, 23).

It should be noted (and the World Bank does so) that the experience of poverty reduction during the heyday of neoliberal globalization is hugely unequal. Almost all of the measured reduction in absolute poverty was restricted to China and other East Asian nations. If China alone is excluded from the calculations, the rate of decline in poverty is cut in half. Between 1990 and 2000, the number of people living in poverty rose or remained static in Africa, Latin America, Eastern Europe, and Central Asia (Kaplinsky 2005, 30; Ravallion and Chen 2008, 25–27). In sub-Saharan Africa, the incidence of poverty remained identical, but with population increasing, the number of people living in extreme poverty rose from 214 million to 390 million.

Looking instead at inequality, one summary of the data concludes that within countries inequality has unequivocally worsened during the heightening of neoliberal globalization, while between countries it depends on whether you take the size of national population into account. If the numbers are population-weighted, then inequality has marginally decreased. If they are not, then we see an increase (Kaplinsky 2005, 37–38). The decrease in population-weighted numbers is, however, another product of the economic boom in China and, to a lesser-extent, India (Wade 2004). Using the same data improvements for cost-of-living calculations referred to above, the World Bank's lead economist, Branko Milanovic argues that global income inequality between individuals (as opposed to between countries) is both worse than previously thought and on the upswing (Milanovic 2009, 11–12). A survey of studies on inequality across countries argues, however, that because of severe deficiencies in the collection of data and its comparability, it is difficult to say anything at all about whether inequality is increasing or decreasing. The only point of agreement among studies is that global income distribution is massively unequal (Anand and Segal 2008). Within countries, where methodological problems are drastically diminished, but by no means absent, a broad cross-national survey of income inequality in 73 nations from the 1960s to the 1990s concluded that 48 of them suffered from rising inequality, 16 remained constant, and 9 (France, Norway, Bahamas, Honduras, Jamaica, South Korea, Malaysia, Philippines, and Tunisia) enjoyed increasing equality (Cornia and Court 2001).

While the statistical wrangling over globalization and its purported benefits for the poor rages on, we can say, unequivocally, that a little over five hundred years after Columbus hit ground on *Guanahani*, somewhere in what is now the Bahamas, we have created a world that is deeply interconnected and profoundly unequal. Despite the fact that globalization has been described as giving humanity a 'shared sense of the world as a whole' (Robertson and White 2007, 66), our experiences of that whole are without doubt vastly different. There are, of course, many dimensions to this inequality. This book focuses primarily on the North–South axis, with a particular emphasis on the poverty produced by global commodity exchange at the producer-end of commodity chains. Our case in point is coffee. The producers of coffee, a commodity that many of us take for granted as part of our daily routines, are global subjects, integrated to varying degrees with world markets, but they are not the main architects of the system in which they participate. They are global in the sense that their livelihoods are profoundly impacted by decisions taken far away, in cafes, corporate headquarters, and world financial centers, and also in the sense that their struggle for sustainable livelihood has moved beyond local and national politics. Despite the fact that coffee is widely consumed in the North, and people are willing to pay high prices for coffee at the retail level, the small farmers that make up the bulk of coffee production see very little benefit. They, and other producers of basic commodities, are often included among those struggling below the World Bank's managerially motivated poverty lines.

In addition to the persistence and in some cases intensification of poverty—and in gauging this we need to look beyond the economists' privileged indicator of income, and look as well at access to key resources like land, water, shelter, food, and labor—globalizing capitalism faces another thorny inconvenience. It has now become acceptable in polite company to talk in apocalyptic terms about the ecological consequences of production and consumption. While climate change is likely the most pressing ecological problem we face, it is just one symptom among many of a system that is steadily undermining both its own foundation (what James O'Connor (1998, 144–157) calls the 'conditions of production'—nature, labor, and space) and the conditions of life for humans and other species. A book by the Dean of Forestry at Yale University, James Gustave Speth—no stranger to elite policy circles—summarizes the spate of problems. In addition to spelling out the now-familiar grim assessments about climate change, Speth (2008) lets loose a torrent of statistics on deforestation ('between 2000 and 2005, the world lost forest acreage the size of Germany'), desertification ('an area larger than Canada ... suffers from some degree of desertification ... (and) each year fifty million acres become too degraded for crop production or are lost to urban sprawl'), loss of freshwater ('40 per cent of the world's people already live in countries that are classified as "water stressed"'), loss of marine fisheries (75% of marine fisheries fished to capacity, with only 10% of large predator fish stocks remaining from their original levels), toxic pollutants (every person on earth can be shown to harbor detectible levels of dozens of persistent organic pollutants and other toxic substances. When tested for the presence of 88 harmful chemicals, Canadians show an average of 44 per person), loss of biodiversity ('over the next 100 years or so as many as half of the earth's species, representing a quarter of the planet's genetic stock, will functionally if not completely disappear'), and nitrogen over-fertilization (which creates oceanic 'dead zones' like the one at the mouth of the Mississippi River). Speth concludes that the problem underlying all of these symptoms is globalizing capitalism—a shockingly frank evaluation coming from someone whose lofty position should not create a material bias against the current system.

It runs against the grain of a prominent discourse in policy circles that claims there is no contradiction between neoliberal globalization and sustainability. On the contrary, this discourse, which initially came to dominate the understanding of what was meant by 'sustainable development' and which now travels under the label of 'ecological modernization,' posits that further industrialization, reliance on market forces, and deeper global integration are the best possible paths to saving the environment (conceived primarily as a provider of goods and services to humans) (see, e.g., Mol 1995; 1997; 2002; Mol and Spaargaren 2000). The idea that the answer to the environmental problems of neoliberal capitalism is more neoliberal capitalism is, however, losing strength. Ecological Marxists, anarchists, ecofeminists, and other members of the academic and political fringe have been warning their very small audiences that our current social relations of production—left on their own—are incapable of averting environmental disaster (e.g., Bookchin 2005; Foster 2002; Gould et al. 1996; Harvey 1996; Mies and Shiva 1993; O'Connor 1998; Plumwood 1993). There's little by way of evidence to prove them wrong so far, and the scientific community informs us that time is running out rapidly (and in some instances has already run out) on our ability to wait for the market magic to kick in (Rockström et al. 2009).

In short, while debate continues on neoliberal globalization's effects on global poverty, there can be little question that profound inequalities and remarkable poverty persist. Further, there is no question that it is producing massive ecological devastation. The destruction that Speth lists reiterates the conclusion of the Millennium Ecosystem Assessment (2005) that things are getting steadily worse. While we have been instructed for decades that the market is our best hope for human progress, the global evidence does not clearly suggest that exchange under conditions of high social, political, and economic inequality unfolds into durable, broad human and environmental development. As a low-wage worker I may exchange my work for a few affordable commodities—chips, soda, a TV, a machete, and an old mattress to sleep on, and that can be viewed as development, but where such exchange replaces non-commodified exchange relations, the emergent effects of such trade can result in my (and my family's and my community's) physical, mental, and social diminishment. As well, we argue later in the book that it will result in profound difficulties in recognizing human connections, and an inability to imagine how to engage in economic exchange without parasitism, oppression, and maldistribution.

This is not the first era in which the consequences of capitalism appear to be somewhat less than optimal. Indeed, from its very early days analysts have attempted to explain just what it was about this particular economic system that created remarkable growth and innovation while at the same time wreaking environmental havoc and creating personal misery. Perhaps the most perceptive explanation of the workings of the capitalist system is still that of Karl Marx, who placed the concept of commodity fetishism at the core of his analysis.

Commodity fetishism[5]

> In all buying, consider first, what condition of existence you cause in the production of what you buy; secondly, whether the sum you have paid is just to the producer, and in due proportion, lodged in his hands.
>
> (John Ruskin, in Ruskin and Wilmer, 1860/1997, 227)

Few shoppers heed John Ruskin's advice. People give very little thought to how the goods and services that meet their wants and needs are produced. Most people probably do not even check the country-of-origin labels, the most obvious bit of production information that exists on products. This is not surprising given all of the other complex factors that a person must weigh when choosing their products in a consumer society. Even something as rudimentary as picking out a breakfast cereal requires some heavy mental lifting. Calculating the prices per unit of volume requires an intimate knowledge of fractions. Is $3.99 for 750 g cheaper than $4.50 for 900 g? Then there is the more complicated nutritional information. Which fats are supposed to be good or bad according to the latest news report? On a less physical plane, people must weigh the conscious and unconscious impacts of marketing. How embarrassed will I (or more likely my children) be if I purchase that gigantic box of generic cereal instead of coming home with the more acceptable brand name? These are only a few of the decisions that a consumer faces in one of the simplest purchasing examples. It is no wonder that many people have not been clamoring to add to this complexity by incorporating questions about how their products are made into their decisions. All of the cereal questions had one thing in common. They pertained to the individual self interest of the consumer. These are the kinds of questions that we are used to asking ourselves when we make a purchase. How much money will I have to give up? How will this product benefit me? Do I look fat in these jeans?

In the North, it is becoming a banality to say that the wants and needs of industrialized societies are increasingly met through the mechanisms of commodity production and exchange. A commodity is anything produced with the express purpose of selling a profit, rather than using it. In seeking ways to satisfy human want or desire, capitalist societies tend to favor those that are most easily commodified (Manno 2002).

Commodity production offers consumers a bounty of options, the likes of which could not even have been dreamt about a century ago, but there is not even the most fleeting curiosity about the consequences of meeting our wants and needs through commodities. The commodity has become standard.

The vast majority of mainstream economists would likely agree with Adam Smith (1904), who claimed, during the early days of the commodity society's ascendance, that the prevalence of the commodity form was not just unproblematic but extremely beneficial. Indeed, provided that exchange is not coerced and that both product and input markets are functioning smoothly, self-interested individuals will only make exchanges that are mutually improving. However, despite the uncritical acceptance of the commodity by the vast majority of society, it is possible that it contains serious drawbacks. Marx certainly believed this to be the case, beginning his entire analysis of capitalism by peeling back the layers of the commodity.

Classical economists like Smith and David Ricardo were obsessed with coming up with a theory of value that would allow them to answer the question 'What determines commodities' value relative to each other?' In other words, 'Why is a pound of coffee $6.99? What about that quantity of coffee makes it the equivalent of, say, a six-pack of beer priced at $6.99?' This quantitative analysis focuses on the ratios at which commodities are exchanged. However, Marx argued that there must also be a qualitative level of analysis in which the specific set of historical relations behind the commodity form is examined (Sweezy 1942, 27). He wanted to take the question of value further by asking 'Why do these things have value in the first place?' The questions here are about how people's labor becomes embodied in the thing that they produce and about what magic tricks are required to make vastly different conditions and processes of labor comparable.

Commodities may appear to be straightforward goods and services, with little mystery about them, but Marx argued that the commodity form hid much more than it revealed. Most importantly, in a capitalist commodity system social relations between people are hidden—camouflaged as relationships between things, resulting in what Marx termed commodity fetishism. All commodities appear to trade in relation with each other, to have an inherent value compared to all other commodities, but this merely masks the social relations hidden in the production of these commodities. It makes some sense, in our daily shorthand, to talk about a one-pound bag of coffee being worth a six-pack of beer. In practice, I could sell my bag of coffee and take the proceeds and buy exactly one six-pack. The things themselves relate to one another as equivalents. But this is shorthand, and it hides a great deal. What is really exchanging in this example are the specific and perhaps wildly different kinds of work that went into the production of one pound of coffee and six bottles of beer. Things do not, for Marx, carry values as an objective characteristic. Value is a social relation 'concealed beneath a material shell' (Marx 1867/1976, 167, note 29). When a simple structure like a table becomes a commodity, it transcends its mundane existence as a particularly useful form of wood (what Marx called its 'use value') and is capable of standing on its head and taking on a life of its own in relation to other commodities (what Marx called its 'exchange value') (Marx 1867/1976, 164). Therefore, the thing becomes the bearer of value, not the labor that went into its creation (Geras 1986, 59).

This makes it appear as though there exists an invisible hand of the market that operates according to scientific laws, outside the realm of human control, when this market is merely the product of human relationships that created each product (Sweezy 1942, 36). The organization of production through the purchase of commodities provides a highly effective mask over the exploitative class relationships within a capitalist economy. It appears as though all actors in the economic system are the owners of a commodity, whether a specific product or an input into production, and as such they stand as equals, each with something to sell in a voluntary exchange (Sweezy 1942, 39).

The phenomenon of commodity fetishism is peculiar to the capitalist system. In other economic systems, production has been an explicitly social process. For example, in the feudal economy, a person's work would be determined to a much greater extent by tradition, custom, law, and heredity than under capitalism. Further, the idea that someone would just switch jobs was highly unusual. Your job was not just how you made a living, but also your position in society. By contrast, in the capitalist system, in which production is not planned but performed by the uncoordinated decisions of independent commodity producers, production for society is organized through the purchase of commodities produced by labor. It is through this exchange of commodities that labor is regulated in capitalism (Rubin 1973, 7). So those, like Smith and Ricardo, who took value to be something inherent in the good itself, were, according to Marx, victims of commodity fetishism. 'What Adam Smith, in true eighteenth-century style . . . puts before history is in fact its product' (Marx 1971, 65). In other words, Smith incorrectly saw exchange value as being universally applicable throughout differing historical economic systems, not as a specific product of capitalism. For Marx, the homogenization of individual, qualitatively different labor in terms of exchange value is the specific product of capitalist production.

Although Marx was most concerned with bringing out the specific social relations that underpinned the value of a product, his comments on fetishism hinted at some other consequences of commodity production. Of particular concern here are his comments on the homogenization of qualitatively different types of labor into so-called abstract labor as it enters into the arena of commodity exchange, a process that conceals social relations (Marx 1867/1976, 167). These contributions open a door to the critical evaluation both of commodity society and of our efforts to fathom the process behind the creation of the commodity.

Abstract labor and the invisibility of process

Marx bases much of his analysis of commodity fetishism on the concept of 'abstract labour' (Marx 1867/1976, 166). In the commodity economy, qualitatively different forms of labor are transformed into homogenous, quantifiable units. Although the labor involved in growing coffee, for example, is radically different from that involved in serving it at a cafe, the very real qualitative differences (specific labor) between the two are hidden in the sphere of exchange. Marx calls this homogenized unit abstract labor, by which he means the general expenditure of labor power or human exertion. This is an inevitable reflection of a system in which labor does not have a permanent specific function, as is the case in many other economic systems. In capitalism, labor is required to be highly flexible, not to have a permanent job or skill, but rather to be completely adaptable so that it can be employed in whatever specific task is currently profitable (Sweezy 1942, 31). As Marx puts it, 'The equalization of the most different kinds of labour can be the result only of an abstraction from their inequalities' (Marx 1867/1976, 73). Only in the capitalist system does this expended labor take the form of commodities and have the value of its products.

People's lack of control over their work lives also contributes to commodity fetishism. In a capitalist commodity economy, quantitative exploitation occurs when workers are paid less than the value of what they produce. On a more subtle level, there is also an important qualitative form of exploitation. Although work is the creative expression of people, when work is channeled into commodity production, its creative nature is often eliminated as employers dictate the conditions of work—from how tasks will be done, to how hard to work, to what will happen with the finished product (Perlman 1973, 25). In the absence of labor being its own reward, an expression of the creativity inherent in human nature, work becomes merely a means to an end—consumption—rather than an end in itself. In a commodity capitalist society, then, work provides neither the intrinsic creative satisfaction during the process of production nor the fulfillment of knowing that your particular skills have created a product to meet a want or a need in consumption. Rather, both these sources of satisfaction are destroyed as the manner in which the goods are produced and the use to which they are put are removed from the control of the worker. Because the worker has no direct relationship with the consumer and is little concerned with their well-being or even their satisfaction with the product, it is scarcely surprising that the opposite is also true: that consumers give little thought to the manner in which the items they consume are produced. This becomes especially likely as personal satisfaction, denied to the worker on the job, is sought elsewhere, most often in the self-interested pursuit of satisfaction through ownership of the products of commodity exchange.

In their everyday roles as consumers, people's experience with the productive work of others is limited to a final product that actually hides the qualitative aspect of that work. When fulfilling wants and needs through the market, the conditions under which the actual producers toil and the impact this has on nature are obscured. Grain grown by a small farmer using few chemical inputs and working his or her own land is put into the same market as grain grown by an agro-industrial operation using wage labor and massive quantities of chemicals. In the process of exchange, the grain, produced through very different processes, will be evaluated only on the basis of its characteristics as a final product. To be clear, this is not to say that consumers do not differentiate on the basis of product quality, only that the commodity makes it unlikely that they will differentiate on the basis of the character of the production process and its implications for workers and for nature. The social relations of production—the ways that people interact with one another and with the environment to transform nature into human use values—are rendered invisible. The term 'social hieroglyphic' (Marx 1976 [1867], 167) can be extended from Marx's original meaning (in which the commodity contains the social relations between the people that produce it and allow for its exchange) to cover the hidden relations between producers and between humans and nature that are, in fact, deeply inscribed in each supermarket item.

To sum up, under commodity capitalism, the social, environmental, and historical relations that go into the production of a commodity are hidden. When a person wanders through the grocery store or shopping mall, what they see are the characteristics of the commodities themselves—the attractiveness of the packaging, the cut of the fabric, perhaps the lifestyle associations stapled on by marketing departments, and, of course, the price. In this sense, the commodity has a life of its own, completely divorced from the process by which it was created. It becomes not a result of production on which people have worked under a wide variety of more or less acceptable conditions but an entity unto itself, with characteristics of its own.

The intensification of commodity fetishism

If the commodity form obscured the conditions of production in Marx's time, today modern marketing and long-distance trade have rendered them virtually invisible. With the rise of the monopoly form of capitalism, Paul Baran and Paul Sweezy (1966) argued that the need for firms to stimulate the demand of workers and to maintain market share results in ceaseless efforts on the part of capital to spur on consumption through sales efforts, provision of new (or slightly differentiated) goods, and creation of new desires. To put it another way, the consumer is actually alienated from the use value of the product (Burkett 1999, 170). There has been an extensive literature documenting the remarkable expansion of marketing as firms strive to get their message across in a landscape already crowded with commercial messages. As Robert McChesney and John Bellamy Foster state, 'With the rise to prominence of modern marketing, commercialism—the translation of human relations into commodity relations—although a phenomenon intrinsic to capitalism, has expanded exponentially' (2003, 1; see also Dawson 2003). The continuous bombardment of consumers by messages designed to manipulate their wants and desires creates a public that is jaded and cynical about information in general. This presents a considerable obstacle for any movement that attempts to convince the population to actually acquire information about the processes or relations of production.

Commercials also seek to convince the population that the road to personal satisfaction is paved with commodity consumption. This is an appeal made directly to an individual's material self-interest. The constant message is that collective considerations, outside the sphere of commodity consumption, are unimportant. This creates a population predictably more interested in how their purchases improve their own well-being than any considerations about the social and environmental conditions under which the product was produced.

Only in particularly rare circumstances does advertising contribute to a greater understanding of the process by which the product was created. In an attempt to determine the extent to which the process and relations of production appear as part of the meaning of commodities, one study analyzed the content of television advertisements and concluded that 'TV advertising tells us very little about how products are produced.' In fact, only 5.3 percent of the sample made any mention of the product or its history, and this was despite a very generous coding system that permitted the statement 'America's king of beers since 1883' to count as production information (Jhally et al. 1985, 18).

In addition, as Naomi Klein aptly described in her book *No Logo* (2000), marketing departments are no longer content with letting the commodity take on a life of its own. Rather, they create a life for the product—preferably one that reaches beyond the mundane physical characteristics of the product's limiting shell to create a powerful emotional identity to bond with their consumers. Marketing pioneers like Nike realized that the modest attributes that can potentially be incorporated into something like a shoe would create limited customer loyalty and correspondingly limited mark-up. Their solution has been to create a brand with deeper and varied emotional attributes—from athleticism to racial equality. In Marx's time you had to peer beneath the commodity form to get to the conditions of production, now you must search beneath the brand just to get to the commodity.

The second development that has intensified commodity fetishism is the increasing distance between production and consumption of products in the global trading system. Proponents of economic localization have put forward a critique of long-distance trade largely based on its devastating environmental impacts. In addition to the obvious environmental difficulties created by transporting goods across the globe given our current reliance on fossil fuels, physical distance also helps hide the environmental impacts of commodity production. If production and consumption are in close proximity, a feedback loop is in place that forces people to live with the environmental consequences of their production and consumption decisions (Nozick 1992, 62; Princen 2002). Long-distance trading relationships sever this connection, allowing consumers to remain unaffected by environmental problems half a world away. Indeed, they are unlikely to even be aware that their consumption causes environmental problems unless some particularly intrepid journalist manages to get the story on mainstream news. The same argument can be made, to a slightly lesser degree, about distance and the social relations of production. When commodities are produced close to where they are sold, as was much more the case only a few decades ago, the social relations of production are more likely to be visible. Those that live next to the local garment factory are much more likely to have some idea about the labor relations that created their T-shirt than those residing halfway across the world. The increasing distance between consumption and production allows people to remain blissfully or frustratingly unaware of the consequences of their purchasing decisions.

In the context of arguing that we can never be purely 'local' individuals, David Harvey (1996, 231–232) points out that satisfying our needs and desires through commodities creates a tension in our way of apprehending the world, since the way we experience the commodity (as we work for it, shop for it, consume it, and experience it) is immediate both in space and time. We experience commodities as they appear in our local shops and as they are made use of in our daily lives. However, beyond our immediate perception lies a long history that unfolds across numerous places. The gap between the political-economic perspective (encompassing the relations across time and space that ultimately present us with the commodity) and the phenomenological perspective (encompassing our immediate experience of the commodity) grows as more and more of the things we purchase and use are brought in from afar. He cites William Cronon's work on the rise of Chicago in discussing the dual role of the commodity (and money, in particular) in both connecting and disconnecting places and people:

> Living in the city means consuming goods and services in a market place with ties to people and places in every corner of the planet, people and places that remain invisible, unknown and unimagined as we consume the products of their lives. The market fosters exchange relationships of almost unimaginable complexity, and then hides them from us at the very instant they are created, in that last moment when cash and commodity exchange hands and we finally consume the things we have purchased.
>
> (Cronon 1991, quoted in Harvey 1996, 232)

While it is the nature of the commodity and the geography of capitalism that set this dynamic of connection/disconnection up, the obfuscation of social and the environmental conditions of production is reinforced by the rules that govern international trade. Under the rules of the World Trade Organization (WTO), it is acceptable for countries to impose trade restrictions based on problems with the product, but it is less acceptable to impose restrictions based on the process by which the product is produced. For example, if a product were a proven health risk to the citizens of an importing country, the product could be banned. However, if the product's production process resulted in undesirable social or environmental consequences (including those that are health hazards to workers and citizens in the producing country), then the importing country would not be allowed to impose restrictions under WTO rules. An excellent illustration of this distinction is the debate about genetically modified (GM) food. Under WTO rules, the only basis on which it is valid for a country to restrict GM products is if the final product has adverse effects on consumers or on the environment—on human health, for example. The impact of the production of GM food on the environment of the producing country, or on the workers producing the food, is ruled out as a legitimate basis for trade restrictions. This not only focuses the debate on the characteristics of the final product itself and further obscures the process by which that product was produced but also actually 'constitutionalizes' (Gill 1998) the invisibility of process in the international trading regime. While arguments have been forwarded that there is 'no legal basis in WTO rules' for distinguishing between discrimination based on process and that based on product (IISD 2001), consideration of process-based attributes of commodities continues to be held as taboo by many member countries, and it remains a hotly debated issue. According to the WTO,

> a majority of members believe that goods should not be considered environmental[6] (and, therefore, eligible for trade barriers to encourage their production without contravening the WTO) because of the way they have been processed or produced. These members say that it is WTO inconsistent to discriminate between products based on PPM (Process and Production Methods). For developing countries, the use of PPM is equated with richer countries attempting to impose their environmental and socials standards on the rest of the world.
>
> (WTO 2005)

This debate has turned explicitly to the practice of 'eco-labeling' and other voluntary labeling schemes. A 2001 NGO symposium on trade and the environment stressed the tension between the Life Cycle Analysis approach of many eco-labeling schemes (which look at the impacts of a commodity, from the extraction of raw materials for its production through its eventual disposal) and the WTO's Agreement on Technical Barriers to Trade, which stipulates that what are termed 'Non-Product

Related Process and Production Methods'—essentially any aspect of the process of production that fails to manifest materially in the product itself—should not be used as a criteria to discriminate against any product (WTO 2001). To see and account for any problems created by the production processes is considered by some WTO members as a sanctionable offense.

It is also worth considering one additional concern about the dominance of commodity production raised by American economist Samuel Bowles (1991). He claims that markets are social settings in which certain types of personality characteristics are encouraged, while others atrophy from lack of use. This process occurs in two areas. First, commodity markets function smoothly even if the people engaged in the transaction are complete strangers, which, of course, they most likely are. The win–win nature of market transactions means that perfect strangers, or even mortal enemies, can exchange goods and services. However, since commodity exchange in a capitalist economy does not require anything other than the most fleeting personal contact, it fosters anonymity and makes caring and solidarity unnecessary sentiments.

Second, using the distinction between 'exit' and 'voice' coined by Albert Hirschman (1970), Bowles argues that commodity purchasing reduces people's intellectual capabilities. If you don't like the band playing at your local bar, you have two options: you can harangue them to change their set list and attempt to get them to play your favourites (voice) or you can leave (exit). When people are considering a commodity purchase, the vast majority of the time they will use exit. In the commodity market this is reflected in the simple yes or no decision about whether to buy a product. If people do not like a product, they will not buy it. Voice—attempting to convince others to change so that the situation is improved—is almost never used in commodity purchasing. An example of voice would be exactly the kind of lobbying for industry change that fair trade is attempting through its campaigns in the coffee industry. The simplicity of commodity exchange can be extended in this context to apply to the commodity-purchasing decision that requires people only to consider the commodity as a product, as opposed to the commodity as both a product and an embodiment of process. This additional consideration would, of course, create a much more complex decision for the consumer. However, simplicity is not necessarily something to be lauded and complexity something to be derided. Rather, Bowles argues that the simplicity of market transactions contributes to a populace with an alarming inability to deal with complex issues.

Allowing these two traits—solidarity and the capacity to deal with complexity—to atrophy is especially problematic in democratic societies, where decisions are often complex and, by their very collective nature, require feelings of solidarity with others. Therefore, empathy for others and the complex decision-making skills that are both necessary for a functioning democracy are not cultivated when people act only as self-interested consumers of commodities (Bowles 1991, 16). Commodity consumption has fostered characteristics of selfishness and simplicity that are exactly the opposite of the collective feelings and complex decisions required to begin to address commodity fetishism.

In keeping with Karl Marx's old chestnut about philosophizing about the world, on the one hand, and actually changing it, on the other, we count ourselves among those who believe that a new system or systems of production and exchange are both necessary and desirable for the fulfillment of human potential. Our extended observation of the fair trade movement leads us to believe that it harbors within it a deeply transformative possibility, and it is the struggle over the realization or suppression of this potential that we see currently unfolding. Its potential, we argue, lies not in its ability to single-handedly eradicate or reduce poverty among Southern producers. As we show in Chapter 3, the transfer of income facilitated by fair trade to producer communities from more affluent consumers, while having positive impacts on farmer livelihoods, is a long way from lifting them out of poverty. Rather, the potential of fair trade as a transformative movement lies in its latent ability to dissolve a cornerstone of capitalist society: the fetishism of commodities. If fair trade is to contribute to a transition away from our current set of social relations, then it will do so by transforming the cognitive process of consumption in a way that produces political effects *outside* of the sphere of the market. Partly, then, we aim to assess whether the movement is heading in this direction, or away from it. We pay close attention to the 'framing strategies' of the movement—the way it presents itself and its issues—in order to make such an assessment. We pose the question of whether the movement is engaging in a trade-off (conscious or otherwise) between mobilizing culturally resonant frames that contribute to growing sales, on the one hand, and its radical potential as a facilitator of transformation, on the other. Further, we question whether this transformative goal is helped or hindered by the process of bringing fair trade into the mainstream. By publicly criticizing the exploitative practices of transnational commodity processors (coffee roasters, in our case) and retailers, fair traders have attracted the attention of transnational corporations as both antagonists and 'partners.' In the case of coffee, this means that the big coffee corporations are being forced and encouraged into the realm of 'ethical consumption.' We chart out the complex and problematic relationship that is now developing as the fair trade movement engages with the industry's dominant firms and we discuss the potentially fatal trap that the movement is setting for itself.

Theoretical ground

In doing so, we build on work by other scholars and activists who have fruitfully turned their attention to the dynamics of the movement, analyzing fair trade (and other, similar sorts of initiatives) from a variety of perspectives. Just as there exist fractures and splits within the movement itself, so there exist divergences among those who have written about fair trade. Daniel Jaffee (2007, 26–31) categorizes activist perspectives on fair trade according to whether it is seen as a 'market breaking,' 'market reform,' or 'market access' mechanism. That is, does fair trade aim to transcend the market as the key determinant of production and social relations? Does it aim to make markets less structurally 'stacked' in favor of the North, or does it facilitate fuller and more capable participation in the market on the part of Southern producers? The literature on fair trade could be put in a parallel framework, in that much of it evaluates the extent to which fair trade accomplishes or might accomplish one or each of these objectives. Fridell (2007a, 83–99) has also done excellent service by categorizing the range of perspectives from which authors have analyzed fair trade, grouping contemporary scholars under three umbrellas: those who look at fair trade as striving to build producer capacities to more successfully interact with global markets, those who see fair trade as an attempt to build an 'alternative globalization,' and those who analyze it as a project of decommodification. Following his lead, we have created a typology that relates the fair trade literature to four broad theoretical perspectives in political economy, as summarized in Table 1.1.

Each places fair trade within a different role vis-à-vis capitalism or the market. Both the Marxian and the Polanyian approaches analyze fair trade through the lens of its hypothetical opposition to capitalism and market society. The neoclassical examines fair trade with concern for whether it obstructs or enhances market functioning, and whether it offers new opportunities for producers' profitable engagement in global markets. What we call the Bourdieusian perspective looks at fair trade

Table 1.1 Political-economic approaches to fair trade

	Marxian	**Polanyian**	**Neoclassical**	**Bourdieusian**
Role of fair trade	Transformative: An aspect of class conflict; challenging the fetishism of commodities	Protective: Softening the blows of market society; resisting market domination	Optimizing: Increasing access to and improving the functioning of markets	Expressive: Enables an ethical and regulatory performance by the consumer, or satisfies a consumer preference for the exotic
Examples	Fridell (2007a; 2007b); Mutersbaugh (2005)	Guthman (2007); Jaffee (2007); Raynolds (2000)	Byers et al. (2008); Sidwell (2008)	Wright (2004); Adams and Raisborough (2008)

as a consumer experience—as a form of status-seeking through conspicuous consumption, as part of the construction of the self as an ethical subject, or as self-gratifying consumption of the exotic 'other.'

The authors approaching fair trade, certification, or political consumerism from these theoretical perspectives by no means agree on the potential of fair trade to fulfill the role ascribed to it. Indeed, debates persist over whether fair trade combats commodity fetishism or reinforces it; whether it defends against the incursion of market logic or facilitates its expansion; whether it obstructs markets or corrects for imperfections, and whether drinking fair trade coffee is an act of beneficence, justice, or exploitation by the consumer.

To take a couple of examples from each perspective, within the Marxian framework, both Fridell (2007a; 2007b) and Mutersbaugh (2005) suggest that fair trade cannot or does not adequately address commodity fetishism, and in fact it results in a form of commodity re-fetishization, in which ethics and the expression of dissent are commodified through labeling. Our own work (Hudson and Hudson 2003), including this book, offers qualified support for the idea that fair trade can help mitigate the tendency toward commodity fetishism.

In the Polanyian camp, Jaffee (2007) characterizes fair trade as a re-embedding of markets within social and political systems of constraint, while Guthman (2007) casts a skeptical eye on the potential of labeling initiatives to protect producers or nature from the depredations of the market, since it establishes a new front of neoliberal governmentality.

Sidwell (2008), writing under the auspices of the United Kingdom's Adam Smith Institute, charges that fair trade creates market distortions through its rules and its price floor, subsidizing inefficient producers and thereby actually harming poor farmers by incentivizing them to stay in a glutted market. From within a similar neoclassical framework, Byers et al., writing under the banner of the Food and Agriculture Organization, suggest that the fair trade price premium is a valuable market signal to producers conveying information about the importance of sustainability (2008, 45–46) and, drawing on earlier work by the World Bank, argue that 'a competitive market position based on processes that are more difficult to duplicate, such as certified coffees, is potentially a more viable long-term strategy for coffee producers' (49).

Finally, from within the Bourdieusian camp, Wright (2004) focuses on the advertising of fair trade products, concluding that what is on offer is the satisfaction of consumers' tastes for the exotic, rather than a means of addressing the injustices of globalizing capitalism. Adams and Raisborough (2008) argue that fair trade enables consumers to build their moral selves by enacting and displaying solidarity with the distant, exotic, but deserving poor in the developing world, while ignoring the more proximate, everyday, and 'undeserving' poor at home.

This book fits most closely within the Marxian camp, and is concerned with whether fair trade offers a way to counteract the fetishism of commodities, and with the issue of whether fair trade acts as part of a 'market-breaking' movement. We do so from within a broader question about social movements generally, concerning their abilities to produce social, political, and economic change in the service of justice and ecological sustainability—concerns we have discussed here in terms of the 'transformative potential' of movements. We wonder whether, and how, fair trade might operate *not only* to keep the exploitation required to fuel global capitalism from immediately devouring Southern producers and their land but also to facilitate a process of moving beyond a system that produces immiseration and environmental destruction as a matter of course.

From within a similar set of questions, the work of Karl Polanyi (1944) is also useful as a theoretical launching point, particularly his notions of embeddedness and the 'double movement.' For Polanyi, while markets have been around for a very, very long time, the existence of the market as a free-standing, autonomous sphere accountable largely to its own 'laws' and dynamics is a fairly modern phenomenon. '(M)arket economy is an institutional structure which, as we all too easily forget, has been present at no time except our own, and even then it was only partially present,' he argues (37). Markets have, in the longer view, been embedded within the social and political relations that guided peoples' day-to-day lives. As Polanyi put it, markets were 'submerged in general social relations; (they) were merely an accessory feature of an institutional setting controlled and regulated . . . by social authority' (67). They were not, in short, governing institutions in the way politicians, the media, and business elites currently talk about them. The Industrial Revolution was revolutionary precisely for attempting to turn markets loose and to create a self-regulating *market system*. This attempt, while generating tremendous wealth, simultaneously generated tremendous suffering in the process of degrading land and labor. Such suffering gave rise to the second leg of the 'double movement': 'a network of measures and policies . . . designed to check the action of the market relative to labor, land, and money' (76).

Some have looked at fair trade (or similar certification schemes) explicitly as a potential instance of this second leg, an attempt to re-submerge economic exchange under a larger set of governing social relations (Bacon 2005; Barham 1997; Bartley 2007; Jaffee 2007, 260; Mutersbaugh 2005; Raynolds 2000; Renard 2003; for a 'modified' Polanyian perspective, see Watson 2006; for a critique of the Polanyian perspective, see Guthman 2007). The question these authors ask is whether and to what extent fair trade is able to stand against the attempt to impose a self-regulating market system as the primary mediator of human relationships.[7] We too are concerned with this question, and so find ourselves with one foot in this Polanyian camp. Much of our analysis in the argument that follows is an evaluation of whether the current trajectory of the movement can successfully bring about a submersion of the market under political and social priorities of justice and sustainability.

However, we also view the 'Polanyian Way' (Guthman 2007) as insufficient as a long-term political project. Attempts to re-embed markets within sets of social and political systems are not necessarily designed to smash the system. Many such attempts are designed to save it. To see this, one need only contemplate the New Deal or any other instance in which states are pushed into regulating markets in order to avert crisis and preserve the long-term conditions for the accumulation of surplus. One of the cornerstones of the New Deal was to ensure that the market was not the sole determinant of a family's income through state-funded social protection for the poor, elderly, and unemployed. Yet protecting labor from the misery of a market-determined income was meant to maintain consumer demand to avoid long-term economic crises like the Great Depression and avoid a large-scale social upheaval. Polanyi himself, while a socialist, implies that the double movement is not necessarily about preventing the emergence of new relations, or overthrowing unjust ones, but about slowing the rate of change, or mitigating the worst instances of abuse (1944). So, while we approach fair trade from a Polanyian perspective, examining the extent to which it can or does re-embed market exchange within social relations based on solidarity, our concern goes beyond that, to evaluate whether this can feed or build into transformative (revolutionary?) politics.

Our analysis of this latter point hinges on the idea of commodity fetishism: the degree of its influence on our daily lives and the significance of attempts to overcome it. Theoretically, we approach fair trade from a Marxian perspective that places alienation (of which commodity fetishism is an important form) in its dialectical relationships to both relations of production and political action at the center of the analysis. Our analysis is also Marxian in that it sees political, economic, and cultural action through a lens of class struggle. The tensions and conflicts to be discussed at length in the following chapters are waged in the context of constant efforts on the parts of capitalists to reconfigure and reproduce cultural, political, and economic systems such that they load costs onto the actual producers and channel value into capitalist hands. As such, we draw on a number of other bodies of theory (framing theory, from within the social movements literature, and theories of information asymmetry and free riding, from within heterodox and neoclassical economic theory), but we walk these through the field of class analysis and class conflict. The Italian Marxist Antonio Gramsci (1997), discussing class domination through the concept of hegemony, steered Marxist thought most productively toward understanding the importance of ideology and consciousness in the maintenance (and overthrow) of exploitative class relations, and we follow his lead in our analysis of information, marketing, and framing. Struggles over meaning, over how people understand and interpret their daily lives and interactions, over 'common-sense,' are class struggles just as much as struggles over wages, hours, and safety on the shop floor.

In our theoretical approach, then, we hold a great deal in common with writers like Fridell, who has most explicitly taken an historical materialist approach to fair trade, even analyzing fair trade's capacity to counteract commodity fetishism (Fridell 2007b). Despite our similar launching pads, however, our conclusions vary. Fridell (along with Guthman 2007 and Johnston 2002) has made a great contribution by emphasizing the limits of a consumer-based movement's capacity to undermine commodity fetishism (limits we agree exist, and have pointed to in the past—see Hudson and Hudson 2003). Here, however, we emphasize the political possibilities opened by movements that question the fetishism of commodities by making labor real, different, and qualitative in the eyes and minds of consumers. Fair trade, we argue, is well positioned to contribute positively to the struggle over how people think about a practice they undertake every day—purchasing. Consumption is constructed within capitalist cultural hegemony as an apolitical act, its significance a private matter to be subjectively determined by the consumer. Fair trade, we suggest, offers one way of countering this construction, putting into broad public practice consideration of three important political elements of consumption, highlighted by Princen et al. (2002, 14–17). First, that consumption is a socially embedded process. Decisions to purchase (what, what kind, how much, how often) are heavily affected by social forces, and as such, they are a potential ground for struggle (see also Dawson 2003). Second, consumption of a single commodity brings the consumer into a linked chain of decisions about what society should produce and how, extending from raw production or extraction all the way through disposal. Acts of consumption thus have political, economic, and social consequences backward and forward along the chain from the consumer. Third, as Princen et al. so succinctly put it, 'production is consumption.' Production frequently involves invisible and unaccounted forms of consumption, reductions in the means available to meet human need now and in future generations. Those invisible links backward and forward frequently involve the undermining or destruction of human potential and natural systems. The extent to which fair trade acknowledges these as part of its activism and its model of exchange is a key concern of this book.

The structure of the book

The book begins with a brief introduction to and history of the movement in Chapter 2. This includes a discussion of the rise of coffee as the flagship commodity of fair trade and an assessment of the extent to which fair trade confronts the capitalist tendency toward commodity fetishism.

Chapter 3 moves on to a synthesis of recent research on the question of whether or not fair trade is making any difference to producers. As the initial *raison d'etre* of the movement, it seems necessary to take stock of whether this particular alternative form of production and exchange is a viable one in terms of improving global equality and environmental sustainability. This chapter provides a representative review of the literature (not an exhaustive one since, given the proliferation of this literature recently, the weight of such a review would crush even the most robust and determined reader) and is targeted primarily at academic readers for whom such a review will be a useful reference. Readers less interested in the detail could consider skipping to the chapter's conclusions.

Chapter 4 discusses the ways in which the movement tries to mobilize support and participation through its various framing strategies and accounts for some of the contradictory effects of adopting and privileging some kinds of frames above others. Chapter 5 analyzes the process and effects of 'corporate baiting'—the process through which the movement has engaged with the power players of the coffee industry. This chapter uses an economic analysis based on the concept of information asymmetry to predict the outcome of fair trade's current strategy of attempting to pull these transnationals into the realm of 'ethical consumption' (spoiler: it isn't a happy ending). The sixth and final chapter assesses the potential role of fair trade and compares this to the movement's actual, practical trajectory.

The book is heavily focused on the North, and the horrible irony of this is by no means lost on us. To study and talk about a movement designed to improve the lives of Southern producers, with very little time devoted to hearing their voices, seems both partial and representative of many of the things that are wrong with the relationship between the North and the South. However, as our review in Chapter 3 shows, there exists a burgeoning literature that intends to give voice to the producers' experiences of participation in fair trade. Additionally, the direction of the fair trade movement is being set largely by its more powerful Northern participants—always in dialog with their partners in the South, they would be quick to maintain, but nonetheless the Northern partners retain structural power within the movement organizations and present to existing and potential fair trade consumers the face of the movement (even if this face is that of a Southern producer). While it is a remarkable movement in terms of its transnationality and its efforts to work in a spirit (reflected to some degree in its organization) of partnership, it is a movement that exists within the current structures of power and all of their inequities. As others have pointed out, fair trade is both a protest of and dependent on the economic power of the North (e.g., Barratt-Brown 1993; Taylor 2005). It is our intention to spark and inform further debate within the movement's participants—North and South, about what fair trade is and what it might be. We do so with the belief that the vast majority of current participants, insofar as they can be said to have a collective identity, hold a common interest in global social justice and an ecologically sane model of production.

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Car Trunks to Shipping Containers

Fair trade, which has now made its way into the aisles of the retail giants in Europe and North America, started in a car trunk. While coffee is the commodity most famous for blazing the way for fair trade, it was, in fact, a latecomer. The first 'fair trade' product was lace from a Puerto Rican sewing circle, transported to Akron, Ohio, in Edna Ruth Byler's car trunk in 1946 (Fair Trade Federation n.d.).[1] Mrs Byler was an active member of the Mennonite Central Committee (MCC), a relief, service, and peace agency, and her car-trunk marketing of the products of impoverished Southern producers soon expanded to encompass wood carvings from Haiti and lace from Palestinian refugees. By 1968, this initiative had developed into the MCC's SELFHELP crafts, which opened its first shop in 1972 (Ten Thousand Villages USA n.d.). Its descendents are the dozens of outlets of Ten Thousand Villages that dot the upper-scale shopping streets of North America (there are about 150 retail outlets in the United States and another 50 shops in Canada). Any one of these stores offers crafts from dozens of countries, and they sell about $17.5 million of handmade crafts in Canada and $25 million in the United States (Ten Thousand Villages Canada 2011; Ten Thousand Villages USA 2011).

In 1949, not long after Mrs Bylers' trip to Puerto Rico, SERRV (Sales Exchange for Refugee Rehabilitation and Vocation) International, initially a service organization affiliated with the Church of the Brethren, began importing cuckoo clocks from Germany for sale in the United States, in order to assist European refugees recovering from the destruction of World War II (Fair Trade Federation n.d.). Eventually becoming an independent non-profit, SERRV transitioned into importing and retailing crafts from the South and by the 1980s was selling products from 35 countries; but its retailing might is unlikely to cause

Walmart executives to lose any sleep. In 2010, SERRV sold about US$8.4 million worth of fair trade goods (SERRV International 2010, 4).

These were the humble pioneers of fair trade in North America. In Europe, the vanguard was composed of organizations like Oxfam UK, which started selling goods made by Chinese refugees in the 1950s and opened a 'charity shop' in 1964, and Fair Trade Original in the Netherlands, which eventually opened its first 'Third World Shop' in 1967 (Kocken 2006). Following a long plateau, and in some instances flirtation with collapse, these small, niche-based shops, catering primarily to a small and 'charitable' customer base, have morphed in the last decade into slick, effective, and successful retail organizations for the vent of fairly traded goods. While handicrafts still make up the visible 'high street' face of fair trade, it is now the production and exchange of commodities like coffee, tea, sugar, cotton, cocoa, wine, and fruit that are its pillars. From transport in car trunks, fair trade goods have joined the flow of conventional commodities transported in massive shipping containers.

An history of rationalization: From trust to the guarantee in the fair trade system

The early days of fair trade were characterized by a high degree of informality—an informality that has been 'rationalized' away, in the terms of Max Weber, over the ensuing half-century. Much of the history of fair trade can be seen as a progressive rationalization of alternative trade, moving from a system characterized by personal and organizational networks peopled by amateurs and activists and tied together by trust (Raynolds and Long 2007, 16) toward more professionalized, impersonal, bureaucratized, and formalized systems backed by rational-legal legitimacy. This may sound like a critique, but it is only partially so. In fact, such rationalization is an almost inevitable consequence of expansion and the requirements of credibility in the eyes of existing and potential fair trade purchasers. We can chart the rationalizing process along a couple of different fronts: the rationalization of retailing and the rationalization of the concept of 'fairness.'

Retailing was organized outside of the usual spaces for commerce up until the 1960s. Customers largely came from church and neighborhood groups in the North, with shops entering into the web of exchange only later on, and not necessarily as central to the network. In North America, catalog sales are still central to fair trade sales of craft goods, and vestiges of the older, informal system of retail remain. When one of the authors was looking for a fair trade soccer ball in 2008, it was eventually purchased out of somebody's garage in Victoria, BC. Another gets much of his fair trade coffee directly from the Mennonites, rather than at a shop or supermarket.

This system relied on a customer base with a shared system of norms and values, and on information that flowed through networks of solidarity, charity, and religion. People purchased fair trade goods, particularly in the very early years, largely as an act of charity, because they knew somebody or were associated with an organization that was using the sale of craft goods to assist Southern producers. You had to be 'in the know' to get your hands on fairly traded goods. You had to be tapped into this particular network of individuals and organizations, which came to be collectively known as Alternative Trade Organizations (ATOs). Even when shops began to open—there were reportedly thousands of these so-called world shops in Europe by the 1980s (Raynolds and Long 2007, 16) and a smattering in North America—they were generally patronized by customers who were linked in to these networks. This close affiliation with religious, solidarity, and charitable groups, all with values characterized by a commitment to some form of social justice (whether expressed as a concern for poverty or a desire for equality—two very different manifestations of this commitment), enabled the sale of alternatively traded goods to go on with a low degree of formality and structure. Trust and shared norms were the grease on the skids of early ATOs. People who bought lace from the back of Mrs Bylers' car did so, despite the less-than-official nature of the sales environment, without worrying that she was pocketing the cash, or fleecing the buyers. They likely rested easy on the trust-based knowledge that their money was actually making it back to that sewing group in Puerto Rico.

The informality of retailing was thus connected to the informal foundation of the claim of 'fairness.' The concept of 'fairness,' as opposed to the concept of charity that launched the earliest ATOs, had become a mainstay of fair trade discourse in the North by the 1980s (Raynolds and Long 2007, 16), and it has become key to the distinction between 'charity' and 'justice' that is so central to the contemporary movement's self-identity.[2] The shift from the framework of charity to a framework of justice within the fair trade movement took place within the context of a major challenge to the way development and 'underdevelopment' were understood. This was most succinctly captured in the slogan 'Trade Not Aid,' through which organizations like the UN Conference on Trade and Development (UNCTAD)—and later Oxfam—sought to reorient

Northern relations with the South from a model of charity to a model of equal exchange (Renard 2003, 89). The slogan was meant to signify that conventional aid flows from the North to the South were grossly inadequate to the challenges of development. What the countries of the global South needed were fair terms of trade—terms that would generate sufficient foreign capital to enable the modernization of production and infrastructure (De Lombaerde and Puri 2009, 5). The call for a fair system of international exchange that rang out from the countries of the South and their Northern allies was founded on the concept of 'unequal exchange' expressed in the work of Raul Prebisch and developed by dependency theorists like Andre Gunder Frank, Johan Galtung, and Arghiri Emmanuel (Love 1980, 45). The idea of unequal exchange was given institutional momentum through the UN Economic Commission for Latin America and the UN Conferences on Trade and Development, and in the eventual call from the countries of the South for a New International Economic Order with more equal terms of trade at its center (Love 1980). So, a struggle was being waged by the nations of the South to build a fairer global economy by re-writing the rules of international trade. This reflected a recognition that the framework of comparative advantage advanced initially by David Ricardo, and then built upon by John Stuart Mill, Alfred Marshall, Eli Hecksher, and Bertil Ohlin, was a dead end for development in the South (Love 1980, 55–56). As Uruguayan writer Eduardo Galeano put it, an international division of labor based on comparative advantage was one in which 'some specialize in winning, and others in losing' (Galeano 1973). This notion was further developed by the world systems analysts led by Immanuel Wallerstein, who argued for an understanding of poverty rooted in a single, world-spanning division of labor. Within this world system, multinational corporations and the state act as mechanisms and beneficiaries of core nations' monopoly over highly profitable, highly technified activities, while peripheral countries are forced to take on low-profit, low-productivity forms of production or extraction. Peripheral nations thus remain poor as a result of their entrapment within a set of lopsided relationships with core and semi-peripheral nations (Chase-Dunn and Grimes 1995; Wallerstein 1974).[3] Fair trade was conceptualized as a small step toward balancing these relationships.

Early on in the fair trade movement's history, the claim that trade was 'fair' or in some other sense helpful to the producers was backed by nothing more than the word of the importer. Close relationships or feelings of trust attached to a particular organization (like the MCC, or

Oxfam) maintained the integrity of the system—if 'system' is even an appropriate word. It was a trust relationship or a belief that enabled customers to ship off a check to a catalog-based ATO or to make a purchase in a world shop in 1970. Embeddedness in a network of trust kept consumers' minds clear of doubt and enabled the 'feel-good' factor of purchasing fair trade that some consumers now report as playing a part in their decision to buy fairly traded goods.

Formality began to creep into the system in the late 1960s, initially in the arena of retail, as shops began to spring up and ATOs began to be a presence on high streets and shopping districts. However, it was not until the 1980s, with the consolidation of ATOs under a variety of umbrella organizations, that the normative commitments under which ATOs would operate were unified and codified (Raynolds and Long 2007, 16). With the emergence of labeling and certification initiatives, rationalization fully took hold. There is certainly, as Weber would have predicted, an element of 'disenchantment'—a loss of the magical quality of the system and its reduction to nuts-and-bolts mechanisms—to be seen in this history. It is a heart-warming vision that exchange for the benefit of those most disadvantaged by the structures of global trade should take place on a foundation of trust and goodwill. But making the system inclusive of those who were not already plugged into religious, charitable, or solidarity networks required that both the system of retailing and—more importantly—the claim of fairness be based on something more widely authoritative than trust and its counterpart exclusion. Various attempts to build such a foundation got under way in earnest in the 1980s.

These efforts produced two sets of standards—one for fair trade labeled goods and one for Fair Trade Organizations (FTOs). When the label is attached to a specific good, like coffee, it guarantees specific production criteria for that one product, but not for the rest of the organization. So, a fair trade label on Starbucks' coffee provides a guarantee of production conditions in that one bag, but not within the broader organization that is the Starbucks Corporation. On the other hand, FTOs certify the organization as a whole, but not the individual products. The once-loose relationship of trust that provided the ground for the emergence of a parallel trading system based on 'fairness' in exchange has been objectified in a detailed set of agreed-upon practices, policies, and principles to which all FTOs subscribe, or which characterize the production and exchange of fair trade labeled goods. These standards provide a guarantee, to those inside and outside of the networks of trust, that their purchase is 'fair.'

ATOs involved in direct imports and sales—primarily of craft goods—came together in the 1980s and 1990s to establish a set of coordinating and networking bodies. The first of these was the European Fair Trade Association (EFTA), which was organized informally in 1987, and gained formal status in 1990. This now comprises 11 of the major European FTOs from 9 nations. The Fair Trade Federation (FTF) emerged out of yearly conferences being carried on since the 1970s by ATOs in North America. It came into being officially in 1994 (originally as the North American Alternative Trade Organization—NAATO) to play a similar support, networking, and coordination role among US and Canadian FTOs. The same year, the Network of European World Shops (NEWS!) was established to generate a unified position and voice in European politics relevant to trade. The International Federation for Alternative Trade (IFAT) was formed in 1989 to bridge European and North American ATOs and to better connect them with their Southern partners in Asia, Africa, and Latin America. In 2009, IFAT changed its name to the World Fair Trade Organization (WFTO). WFTO is also the body that administers the FTO Mark—the 'sign of a true FTO,' displayed by members—and the monitoring organization that ensures that WFTO members are in accordance with the WFTO Standards for FTOs (see Appendix for the WFTO Standards). Members are asked to self-evaluate relative to the Standards, then they are peer-reviewed by other members of WFTO, and finally, each year, a group of randomly chosen members are subject to external review by an independent auditor. In a further step toward firming up the credibility of the 'fairness' claim for a broad audience, WFTO is in the process of developing an integrated system for determining membership and monitoring, called—in a chilling case of bureaucratese—the 'Sustainable Fair Trade Management System (SFTMS)' (WFTO 2009).

While the FTO Mark is becoming more familiar to those trolling their local shopping districts, most people who have any clue about fair trade associate it with one of the labels stamped on their coffee, tea, sugar, chocolate, or other supermarket fare. For many, in fact, the label and fair trade are synonymous. While the label is, in fact, only one aspect of fair trade, it represents the clearest manifestation of the rationalization of fair trade—and the innovation that took fair trade from the small, trust-based retailing system of car trunks and world shops into the mainstream (Jaffee 2007, 13), resulting eventually in the contradictions of contemporary fair trade alluded to in Chapter 1. Under a system based on close networks held together by trust, there would be no need for the label. The label was required to move fair trade onto a platform based not on trust but on guarantees. The latter are extended to grease the wheels of transactions in situations where trust is minimal or absent. A guarantee is what you extract from somebody whose product or intentions you doubt. The label is thus being asked to carry an enormous burden: to generate a degree of confidence in the purchase of a fair trade-labeled good that is comparable to that generated by real trust. The weight of this burden requires a substantial supporting apparatus behind the label—one that has been charged with defining 'fairness,' in the production and exchange of a range of commodities, codifying it, and ensuring that commodities bearing the label are produced in accordance with those codified definitions. After all, consumer support would likely wane were it widely believed that anyone could slap a fair trade label on their packet as long as they wrote a nice letter to FLO stating that they treated their producers politely, let them go to the bathroom, and tried hard not to employ children.

Given the complexity of these tasks, it is no surprise that there are multiple levels of bureaucracy and administration that underlie the system of fair trade commodity labeling—normally consisting of a national labeling initiative (examples include Fair Trade USA (FTUSA), Fairtrade Canada, Max Havelaar in the Netherlands, Norway, Denmark, and Belgium; the Fairtrade Foundation in the UK; Rättvisemärkt in Sweden) and the umbrella organization to which they all—apart from FTUSA—belong, Fairtrade International (FLO). All of the partners in FLO now use the same label. FLO came into being in 1997 and split into two separate organizations in 2004: one to set and review standards for certification of various commodities (FLO e.V.) and the other to actually do the certification (FLO-CERT GmbH). FLO e.V. brings together 20 national labeling initiatives and 3 producer networks (one from each of Asia, Africa, and Latin America and the Caribbean) to work out the standards of 'fairness' for each commodity, including things like the minimum price, working conditions, and conditions of exchange. Their other main tasks are commercial (facilitating the development of fair trade businesses and assisting members in gaining certification for their products) and activist ('making the case for trade justice') (FLO International 2009a).

In terms of our history of rationalization, the setting of standards is the key activity of FLO e.V., and it turns out to be an extraordinarily complex process. A large and growing number of commodities are now sold under the fair trade label. Bananas, cocoa, coffee, fresh fruit, dried fruit, honey, rice, quinoa, seed cotton, wine, fresh vegetables, herbs and spices, nuts and oil seeds, wine grapes, tea, cane sugar, flowers and

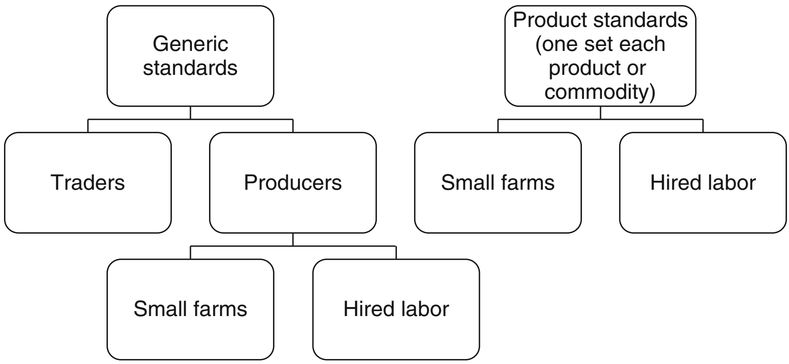

Figure 2.1 FLO international's standards for fair trade

plants, and sports balls all have distinct standards of 'fairness' that must be complied with. Further complicating matters, there are several sets of generic standards that apply to all products. Producers and traders each have their own set of requirements (FLO International 2009b). Producers are differentiated, according to FLO e.V., by whether they are organized into democratic structures like cooperatives, or whether they are characterized by dependence on wage labor, as is the case on plantations or in factories. There thus exist different generic standards for small farmers and for hired labor. Figure 2.1 provides a visual of the hierarchy of fair trade standards.

Beyond this, producers' standards for both small farms and hired labor have two components: minimum requirements, which must be met at the time of certification or within a specified period, and progress requirements, upon which producers must demonstrate permanent improvement. In the midst of all this complexity (and we might add a list of materials running to seven pages, from 'asbestos' to 'zinc-phosphide,' which are not allowed to be a part of the production processes of fair trade producers, a special set of standards for farmers who contract with an organization to produce cotton in India or Pakistan, or rice in India, and so on), there runs a red thread composed of the backbone principles and objectives of fair trade related to making production and trade a vehicle of economic, social, and environmental development. Specific standards are designed to give farmers and workers more autonomy and control over their economic destinies. They are formulated to ensure both that the fair trade premium is being used for social and economic development within the producers' communities and that production processes are being transformed to protect the natural environment. The complete set of standards is available at the FLO website (FLO International 2009b). Even a quick look at the standards reveals that the tiny label on the coffee packet actually contains a significant amount of real content—content that most consumers are entirely unaware of given the media's, FLO's and other ATO's own emphasis on a 'fair price' as the substance of fair trade. As we will see, however, that content is increasingly contested as fair trade moves into the mainstream.

Kicking the can: Fair trade standards as a critique of conventional coffee production

Since this book uses coffee as a case study, we need to delve into some detail concerning what lies behind the fair trade coffee label. Fair trade coffee is produced and sold as an explicit alternative to conventional processes of production and exchange.[4] Fair trade coffee organizations, like Equal Exchange in the United States, the United Kingdom's Fairtrade Foundation, or international umbrellas like FLO, argue that the conventional coffee market fails producers and the environment in the South, diminishes consumers' coffee quality over time, and primarily serves the interests of a few large corporations that dominate the roasting and retailing end of the commodity chain. This critique comes out most vividly in the choice of brand name for the world's first fair trade-labeled coffee, Max Havelaar.

It was the Dutch who first dispatched labeled coffee to win over an alienated public's hearts, minds, and consumption practices. In 1988 when the Dutch fair trade organization Solidaridad created the label Max Havelaar, they were appealing to nationalist, internationalist, and humanist honor by invoking an influential 1860-literary account of Dutch imperialism. Through the title character Max Havelaar, author Eduard Douwes Dekker illustrated how imperial wealth at home was built upon immiseration elsewhere. In the story, as in life, colonizers replaced Indonesian food farms with internationally exchangeable coffee and tea crops and ravaged the welfare of common Indonesians. Despite the literary work's ultimate failure to reject colonialism, the very name Max Havelaar can remind Dutch fair trade consumers that they have an ethical obligation to account for the prodigious, faraway human and environmental costs of their everyday comforts at home.

The ongoing relevance of Dekker's century-and-a-quarter-old social critique lends historical muscle to world systems observations that exploitative core-periphery relations are usually, over time, debilitating for those on the peripheral end. That is, the name of Max Havelaar and its associations through Dekker's story suggest a more critical view of capitalist development that might compete against the monolithically rosy view that has been constructed in mainstream consumers' imaginations. With such labeling, Max Havelaar could not only help provide some consumers with a response to their existing concerns about global exploitation—*this is the alternative; consume it instead*—but also enable fair trade consumers to maintain a healthy skepticism toward hegemonic claims about alleged gains from market interaction. In the presence of a mobilized fair trade movement, featuring personal ties of trust, the original semiotics of fair trade-labeled coffee could reinforce for consumers the importance of tracing trade's economic, social, and environmental consequences, otherwise obfuscated by distance and enabling ideology.

This uneven-development emphasis carries through into most fair trade organizations' rhetoric. A typical summary of the fair trade critique, this one pulled from the website of the FLO during the depths of the coffee crisis, highlights the problematic distribution of the gains from the international coffee trade:

> While the coffee industry's profits are setting all-time records, coffee farmers in Africa, Asia and Latin America are despairing . . . millions losing their livelihood and many more who can no longer pay school fees, medical care and even hunger. At the same time, the five multinational companies that buy 70% of the world's coffee have never earned more. The world's biggest coffee buyer Nestlé posted a 2001 profit of about 4,5 billion euro, 16% higher than the year before. Kraft Foods over 2001 have increased with 16% to approximately 4,5 thousand million Euro. Sara Lee/DE reported a 1st-quarter 2002 net profit increase of 6,6%.
>
> (FLO 2002)

Fair trade's most audible claim is that conventional coffee production and exchange create poverty for producers in the South. Power relationships at each point along the commodity chain result in producers receiving only a very small portion of the final retail price. Small-scale producers have little bargaining power when they sell to local intermediaries, who often have a monopoly on transportation from remote growing areas to the processing facility (Raynolds 2002, 404). Even when the local middlemen are eliminated, the coffee-roasting industry is highly concentrated, providing these companies with tremendous oligopsony and oligopoly power in the world coffee market. In 2006, the 'Big Four' roasters (Sara Lee, Nestlé, P&G, and Kraft), combined with Germany's Tchibo, bought almost half of the world's harvest. In the United States, the top two corporations, P&G and Kraft, accounted for 67 percent of ground coffee sales in 2006 worth over a billion dollars (Lazich 2007, 174). European markets are also highly concentrated. In France, for example, Sara Lee/Douwe Egberts and Kraft control just over half of the roast-and-ground coffee market (Giovannucci and Koekoek 2003, 106). The Dutch market is dominated by Sara Lee/Douwe Egberts, which alone commands 50 percent of the national market (Coffee Coalition 2006, 4). Nestlé and Kraft control around 70 percent of the market in the United Kingdom (International Trade Centre 2010). As a result of both the extended commodity chain and the power relationships in each link, the original producer receives very little of the final price. The inevitable result of this system is that, even in the best of times, producers in the South live a very precarious existence, the abysmal human consequences of which are well documented elsewhere (Jaffee et al. 2004, 171; Oxfam 2002).

Buried more deeply in the fair trade discourse is a critique of large-scale agriculture and land ownership concentration. For example, Oxfam describes how conventional coffee production and exchange inevitably create problems for the financial viability of small-scale producers. As they are forced off the land, ownership becomes more concentrated, forcing those who were previously landowners into either the urban informal sector or the rural landless labor market (Oxfam 2002, 12).

In addition to criticizing the impact of conventional coffee production and exchange on the producers, their rural communities, and cities, fair trade also points out that conventional coffee creates environmental degradation. Fair trade contrasts the environmental impacts of small-scale producers with those of large-scale industrial farms. In their 'Fair Trade FAQ,' the NGO Global Exchange claims:

> 'Sun-cultivated' coffee involves the cutting down of trees, monocropping, and the input of chemical fertilizers and pesticides. This type of industrial coffee farming leads to severe environmental problems, such as pesticide pollution, deforestation and the extinction of songbirds through habitat destruction. . . . We believe that small farmers are the best stewards of the land, with the highest interest in living in and passing on land with healthy soil, free from harmful

> pesticides to their children. Paying farmers a fair wage with incentives for ecological practices is the best way to encourage sustainable farming.
>
> (Global Exchange 2001a)

Sun-grown varieties do offer considerable income benefits for farmers, allowing them to plant anywhere from 4,000 to 10,000 plants per hectare, whereas shade systems allow only 1,000–3,000 plants. In addition, sun-grown plants produce more cherries per tree due to higher photosynthetic rates. However, because they eliminate all of the shade trees from the system, they reduce the diversity of the agro-ecosystem considerably. Dismantling ecological relationships and services in exchange for increases in sun-grown productivity also demands greatly increased levels of chemical inputs. Within the agro-ecosystem of coffee, sun systems produce the destructive 'metabolic rift' that is the hallmark of capitalist agriculture. First elaborated by Marx, and developed more recently by John Bellamy Foster and his collaborators, metabolic rift refers to ruptures in the flow of energy and matter within natural systems and between humans and nature (Foster 1999; 2000). Researchers (Greenberg 1994, 25) have found that, whereas traditional shade systems in Chiapas, Mexico, support at least 180 species of birds (an amount exceeded only by so-called undisturbed tropical forest), sun-grown plantations support 90 percent fewer (Smithsonian 1994). According to Nolasco (1985) 'the agroecosystem of the coffee farm which uses different shade trees, combined with fruit trees and coffee bushes, simulates the conditions of natural ecosystems, combines different vegetable species of high productivity, and does not degrade the soil' (425). Another study found that the number of ants, beetles, wasps, and spiders on a single tree species in a shade-grown farm is equal to that of a single tree species in an undisturbed tropical forest (Janssen 1997).

To rectify the profound inequalities of the coffee economy, and the toll it exacts on farmers and the environment, fair trade has mobilized growers and consumers into a network designed to provide new advantages for producers through the stabilization of coffee prices, increased incomes, greater security of land ownership (and thus an increased ability to avoid absorption into the system of wage labor), and more sustainable ecologies of production. What lies behind the fair trade label is the tremendous detail that attempts to operationalize these admirable goals. As we mentioned in Chapter 1, that detail, in which the spirit of fair trade is carefully codified into formal standards, has proved incapable of sustaining cohesion under the opposing pull of larger political-economic masses, and FTUSA has split from FLO. Below, we lay out the meaning of the FLO fair trade label, noting the major distinguishing features of the FTUSA label where appropriate.

Fair trade importers purchase directly from producer organizations in order to avoid the middleman. At the producers' request, importers must also provide up to 60 percent of the contract value (valued at the established floor price) as credit to the producer group, to be available at the beginning of the harvest. Finally, the importer must make a long-term commitment to the producer organization. No deals are to be made for a period less than one crop cycle and they must be set out in mutually agreed on and exchanged letters of intent (Firl 1996; FLO International 2008).

Producers participating in the network are guaranteed a minimum price for their crop (in 2011 this was $1.40/lb), and they receive a price premium ($0.20/lb) when the world price is above this minimum. Organic producers receive an additional $0.30/lb. In order to qualify for this price premium, producers must have their name included in the International Coffee Producers' Register (ICR), which is the Big Book of Fair Trade Coffee Producers maintained and updated by the FLO. To qualify, producer cooperatives, and the farmers which make up the cooperatives, need to meet several important criteria. Although many of the measures, such as administrative transparency, are fairly mundane, cooperatives certified by FLO must also primarily consist of small-scale producers not dependent on hired labor (although as we shall see in Chapter 3 the definition of 'not dependent' is becoming badly stretched, in part because of the additional labor required by organic production) and must be democratically controlled by their members. In addition, producers must strive to follow several general principles or objectives. Among the more radical include reduced dependency on single cash crops; a commitment to social development through financing education, health, housing, and water supplies; and the conservation and sustainable use of natural resources (FLO International 2009c).

Since FLO-certified producers must avoid structural dependence on wage labor and must be organized in democratically controlled cooperatives, fair trade supports a non-capitalist production relationship (Hudson and Hudson 2004, 138). Cooperative organizations extend benefits to farmers in the form of increased control over surplus and by creating space for democratic practice in the disposition of that surplus. This criterion of economic democracy was at the crux of the split between FLO and FTUSA, and under FTUSA's new, more conservative standards, the transformation-oriented, non-capitalist commitment of the fair trade label for coffee has been dropped. Plantation-grown coffee produced under capitalist wage relations will be eligible for the FTUSA seal, whereas the FLO retains its commitment to incubating economic democracy. The two labeling initiatives will now actually be competing with one another for both licensees and consumers in the United States and abroad, contributing significantly to the problem of 'label clutter' that we pick up again in Chapter 5. As we discuss in that chapter, label clutter clouds the distinctiveness and reliability of the fair trade guarantee and is among the greatest threats to the transformative possibilities of fair trade.

Labeling, and the impressive apparatus behind it, whose construction is an ongoing process of negotiation between importers, fair trade organizations, and (unfortunately to a lesser extent) producers (Jaffee 2007, 226–228), puts the system on a foundation of certifiable guarantees. Wary consumers, should they so desire, can go behind the label to examine in considerable detail the fair trade commandments, adherence to which qualifies a group for participation.

Why coffee?

During fair trade's assault on the fortress of mass consumption, coffee has been its battering ram. In most countries, coffee has been the product that introduces people to the concept of fair trade labeling. Coffee accounts for over 80 percent of fair trade consumption in Europe, where it is especially popular in the Netherlands, the United Kingdom, and Germany. In the United Kingdom, coffee was the largest fair trade-certified product from 1998 to 2006, when it was overtaken by bananas. In 1999 coffee accounted for 71 percent of the total value of fair trade sales in the United Kingdom, and despite the astounding growth in the variety of fair trade goods, coffee still made up 32 percent of total sales in 2006 (Fairtrade Foundation 2007b). In the United States, the world's largest national market for coffee, fair trade coffee sales skyrocketed 80 percent per year between 1998 and 2005, and even during the 2008 economic crisis, coffee powered a 10 percent increase in fair trade sales (Raynolds et al. 2007, 23; TransFair USA 2007; 2009a). When you talk to people in North America about fair trade, they still often assume that you are talking about coffee, despite the growing presence and awareness of cocoa, tea, cotton, bananas, and flowers, among others.

Among all of the possible global commodities whose producers are poor, how is it that coffee became the product that blazed the trail for the raft of products that followed? What about coffee made it such an excellent messenger for the fair trade movement? What created opportunities for the fair trade movement in the coffee market, as opposed to the market for other products? After all, alternative trade organizations initially were more heavily focused on craft production than on raw commodities. If fair trade was first woven out of lace, why did coffee become the flagship product for fair trade in its expansionary period?

An explanation lies in the physical characteristics of coffee, its industrial structure, its role within the culture of Northern consumers, and the way that the fair trade movement mined opportunities emerging in the coffee market that were part and parcel of ascendant neoliberalism. The question that arises from this analysis is whether the qualities of coffee that proved so successful to the expansion of the fair trade movement are generalizable to other commodities. Could other products, such as traditional handicrafts—cotton scarves and full, light, embroidered blouses, wooden birds and onyx bowls, mirrored bangles and gourd rattles—have provided the battering ram into a broader affluent market? If not handicrafts, why not some other primary commodity, like rubber or bananas?

The question of coffee's advantages in the past is important because they have been central in shaping the trajectory of fair trade through the present and into the future. While the coffee sector proved a successful entry point for fair trade, it is also now proving a treacherous ground for advancement. Fair trade expansion through certified labeling pulled fair trade down the mainstreaming path. Has coffee itself created the basis for a social movement contradiction, and if so, how? We introduce these questions to later consider how that contradiction might be navigated with an historically informed savvy that maintains or even augments fair trade's transformative, welfare-expanding potential.

Coffee's propitious material characteristics

Coffee is non-perishable. It is a stimulant to humans. And it is close to a final product, rather than an input to other products. These material characteristics are highly compatible with labeling and facilitated coffee's emergence as the flagship fair trade commodity. To begin, because it is non-perishable relative to, say, bananas or other fruit, it makes sense for sellers to stick a label on its package to call out to consumers as it sits on store shelves competing with other products. Green coffee can sit for extended periods of time prior to being roasted, as well. Once in a store, since coffee is relatively non-perishable, it is a lower retail risk than other products. When pressured to stock fair trade, as they were beginning in the 1990s (Barrientos and Dolan 2006, 17; Fridell 2007a, 73; Waridel 2002, 108–109), highly concentrated and competitive supermarkets could stock coffee with less risk than fair trade produce. The light-risk aspect of non-perishable coffee for grocers created an important inroad for expanding fair trade sales. Upon gaining confidence through coffee sales, the public demanded fair trade produce, and supermarkets then began to be seen as obvious outlets for fresh fruits and vegetables, because they can handle the perishability of these foods much better than ATOS (Hallam et al. 2004).

Additionally, coffee, a stimulant, is a part of people's regular routine, particularly in societies where people's energies are demanded by business imperatives, schedules, and culture. People orient their work breaks and their consumption around coffee. People shop around coffee. They go to the store when they need coffee. That pushes retailers to respect the consumer demand for coffee as a driver of purchasing.

In terms of fundamental material characteristics, coffee is not an input to other products, as is, for example, cotton, sugar, or rubber. Rather, it is close to a final product, so the consumer can make the decision to select the fair trade product without having to compute and balance complicated decisions about multiple inputs' production processes. If you want to buy fair trade rubber, for example, you will probably want the rubber in some useful form, say a tire. To buy a fair trade rubber tire, you or an organization you trust will have to have some familiarity with and ability to weigh the social and environmental impact of various inputs at several stages of tire production, including the natural rubber and the halobutyl rubber, the styrene-butadiene co-polymer, the silica, the sulphur, the zinc oxide, the textile fabric, the antioxidants and antiozonants, or their functional substitutes, and so on. Tire-making companies use various combinations of inputs depending on the functional and marketing niches of the tire as well as the prices of inputs, so the data consumers would need to make informed decisions about buying tires change with such reformulations. It is apparent that for some products, the ethical calculation is prohibitively complicated. Fair trade has tried to ameliorate this difficulty with a set of standards for composite products, but this would have been a difficult process without the strong foundations already laid by a 'pure' product like coffee.

Coffee is a relatively basic product, with a relatively decipherable chain of production and exchange. However, as we discuss at some length in Chapter 5, even in the case of relatively simple coffee, getting the straight dope on the quality of the product can be a challenge. Where the fair trade social movement is threatening conventional coffee-roasting giants' control over the market, the latter make calculations even more difficult through their strategic efforts to confound consumers and to redefine 'fair trade' to their advantage. Who hasn't asked a chain café barista for fair trade coffee, and gotten the perky yet unreliable response, '*All* our coffee is fair trade! (*Sotto voce*: If by "fair trade" you mean "for sale," which is our interpretation of the term here at CorpCo Incorporated.)'?

So, coffee offers some advantages that derive from its material form, and its addictive property. But there is more behind coffee as the fair trade battering ram. Broad political-economic shifts and the changing face of the coffee industry provided important boosts for fair trade coffee.

The decline of the welfare state, the rise of fair trade coffee

Another part of the answer to the question 'Why coffee?' lies in the decline of state supports for the coffee industry. The 1980s and 1990s were marked by a transformation of the role of the state in the North and the South. The role of government changed from having some degree of responsibility for correcting or ameliorating the problems created by the market and its profit-seeking firms to much more devotedly facilitating firms' quest for profitability. While the state has, under capitalism, always striven to assist the process of capital accumulation, many authors point to the emergence of 'market fundamentalism' as an ideology, and highlight the practical failure of the state to adequately respond to the devastation of nature and the abuse of workers as major contributing elements in the context of the rise of 'stateless regulation' (Bartley 2007, 305; Gale 2002; Seidman 2007, 119). Stateless regulation refers to attempts by non-state actors to influence processes of extraction, production, and exchange.

In the South, this roll-back of the welfare dimension of the state was often forced on debt-riddled governments through the International Monetary Fund's (IMF) rightfully pilloried Structural Adjustment Programs (SAPs). Using access to global credit markets as the lever, these programs required Southern states to shrink the size of their worker-servicing infrastructure, dismantle labor and other domestic market protections, and deregulate capital markets. In the coffee world this meant the dismantling of many countries' state marketing boards and a host of programs designed to provide agricultural support to producers (Fridell 2007a, 34).

This is not to say that these state-run programs were entirely (or even largely) beneficial to farmers. Farmers complained about being cheated by state agencies using rigged weighing scales, receiving too low a price for their crop and getting paid late. All of these techniques generated income that the government could then use to fund development projects in more 'leading' sectors of the economy. However, these agencies were also helpful to producers. They often provided price supports, advanced credit, created buffer stocks and facilitated the formation of cooperatives. SAPs meant the end of all of these supports. It also meant that the solution to farm problems would no longer come from state intervention. So while prior to the 1980s farmers would often vote for supports (where they could) or advocate for state assistance, after the 1980s such state-oriented action became a more difficult avenue of pursuit. While states did not everywhere abandon subsidies and other assistance for farmers—the United States and the European Union, for example, retained substantial price supports and subsidies to farmers—farmers in the South found states to be less willing and/or able to do so. As a result, producers turned away from the state toward new avenues of struggle, and to non-state actors that producers hoped would help augment their incomes.

States in the North similarly pulled back from directly supporting low-income producers in the South. Although not imposed by IMF lending, neoliberal practices in the North meant that citizens could no longer rely upon the state to even attempt to alleviate the problems created by the market. In the development context, the pre-1980s Northern solution to the gap between developing and developed country incomes usually involved state-funded aid or development projects. The ideological trend against state-based welfare in the 1980s and 1990s put development funding among the first on the chopping block when budgets for the 'left-hand' of the state (Bourdieu 1999, 2) in the North were stripped (Table 2.1).

Northern citizens engaged in development issues recognized the lack of political tools to meet their aims and so were forced to search for other avenues. When market activity led to undesirable results, people increasingly turned to pressuring the corporations that they felt were responsible, rather than lobbying or voting for political changes to the regulatory rules (Fridell 2007a, 45). This was a trend not just within development circles but among social movement organizations (SMOs) dealing with issues from food safety to land use conflicts (Pellow 2001; Schurman 2004). Faced with the decline of a citizen-responsive state and unable to build a new, alternative trade network against

Table 2.1 Official development assistance

	Canada[a]		US[b]	
	ODA	**ODA/GNI**	**ODA**	**ODA/GNI**
	CDN $ Mil	**%**	**US $ Mil**	**%**
92	3,182	0.49	10,815	0.20
99	1,291	0.30	9,145	0.10
04	2,719	0.23	19,704	0.17

Sources: [a]CIDA (2006). Statistical Report on Official Development Assistance: Fiscal Year 2004–2005. Table A.
[b]UN Statistics ODA http://unstats.un.org/unsd, accessed July 30, 2007.

powerful, mobilized capitalist institutions, fair trade activists turned to opportunities arising from conventional market failures and marketing vulnerabilities in the coffee sector.

The pre-1980s willingness of states to intervene in the 'normal' functioning of the market in an attempt to improve the lot of Third World producers was nowhere more in evidence than when producing nations in the South and consuming countries in the North joined forces to sign the International Coffee Agreement (ICA). The ICA was a series of fixed-time agreements that lasted until the end of the 1980s, all of which were designed to prop up the price of coffee in the international market. This required the usual cartel behavior of production quotas on Southern countries in an effort to keep supply down, and therefore prices up. In this the ICA was generally successful as prices rose from their pre-ICA low of US$0.34/lb in 1962. With the ICA, by the 1980s, the price remained above US$1.19/lb and reached as high as US$2.20/lb. According to Daviron and Ponte (2005, 119), during the ICA regime increases in coffee supply did not place nearly as much downward pressure on prices because buffer stocks were controlled by producer countries. However, the agreement depended crucially on both Northern countries' (especially the United States') willingness to pay the agreed-upon price floor and the success of Southern countries in restricting supply.

Restricting supply in any type of cartel becomes increasingly difficult as the price increases, since existing producers are tempted to sell more than their quotas and new producers will want to start up in what, as a result of the quota, has become a more profitable industry. This is precisely what happened in the ICA, which had to deal with the perpetual problem of oversupply. The oversupply meant that coffee producers were desperate to sell their coffee, even at prices below the ICA rate. This led to the explosion of 'tourist' coffee, which was imported by non-ICA countries, like Japan, and then exported to ICA countries in order to avoid the quota restrictions (Fridell 2007a, 141).

As these practical difficulties mounted, the commitment of the United States waned. It had signed on to the ICA in the 1960s in an effort to support producer incomes, especially in Latin America. This was done not because of the magnanimous nature of the US regime but because of the United States' perception that impoverished, marginalized populations in the developing world were dry wood for the spreading fire of communism. By the1980s, the system established by the ICA had not only produced its own contradictions, it had also clashed with a changing political environment. US policy was coming to reflect the belief that with the USSR on the verge of disintegration, the state could be reoriented from mediating limited concessions to non-elites, as in Southern coffee market regulation, to more emphatically strengthening the conditions for capital accumulation (Fridell 2007a, 143; Talbot 2004, 74). This neoliberal sea change fused with both changes in coffee demand (from instant to brewed, robustas to arabicas) and the expansion of efficient coffee-producing countries such as Costa Rica, whose production was coveted by the increasingly concentrated US roasters (Luttinger and Dicum 2006, 93–94). Because of historically benchmarked ICA quotas restricting how much coffee each producer could sell to ICA signatories, emerging, high-quality, mild bean producers were in the contradictory position of being the object of US companies' desires, but forced to sell much of their high-quality coffee to less desirable markets, such as Eastern Europe. At the same time, the United States was seeking to outmaneuver what it perceived to be an overly independent Brazilian trade policy, partly by refusing to agree on new quotas. Despite the willingness of many countries to extend the ICA, the agreement collapsed when the United States abandoned it in 1993 (although this was after a prolonged period of failed negotiations after the original 1989 end of the 1983 ICA) (Fridell 2007a, 144). Given the declining Northern commitment to state-led social solutions through the 1980s, the practical difficulties of maintaining the cartel, and the disappearance of the need for coaxing the developing world away from the temptations of communism, it was no surprise that quota provisions of the ICA were discontinued.

The results of the Southern states' reduced regulation of the coffee economy, and in particular the sporadic suspension and eventual collapse of the ICA, can be seen in the redistribution of income and surplus produced throughout the global commodity chain of coffee, from the

South to the North, and from growers to the major transnational coffee companies. Talbot's (1997) analysis of the shifting distribution of income and surplus in the coffee commodity chain shows that as a result of the suspension of ICA quotas in 1986 and 1989, there was a shift 'of roughly 20 percent of total coffee income,' from South to North, which 'dwarf(s) any changes observed over the previous fifteen years' (69). Likewise, surplus shifted heavily in favor of the consuming countries after 1989, such that some producing countries' shares fell to zero or below zero, while coffee transnationals held an estimated 80–90 percent share (82).

As a voluntary, market-driven solution to conventional coffee problems, fair trade fits in with the neoliberal attempt to reduce state intervention (through things like commodity price agreements and official development assistance), leaving the market in the driver's seat of society. The fair trade labeling project relies on the market pressure of informed, concerned consumers to achieve development and environmental goals. Yet classifying fair trade as an attempt to find an ethical niche market within the 'new reality' of neoliberalism understates the goals of many of the active participants in the fair trade movement who are deeply committed to a much broader and radical change to the global economic system. We pick this thread up in Chapter 4 and again in the conclusion. It also downplays the extent of corporate resistance to fair trade, which we will discuss in considerably more detail in Chapter 5.

Fair trade was also able to take advantage of the growing market in ethical consumption in general and the use of production labels in particular. Ethical and political consumption are not newly minted fads (Boris 2003; Frank 1994; Opal and Nicholls 2005). Opal and Nicholls (2005, 180), for example, trace ethical consumption back to the United Kingdom in the 1800s when workers would purchase at cooperative stores. However, there can be no question that consumers started to express a renewed interest in where their goods came from during the 1990s. Opal and Nicholls (2005, 55) argue that this is in large part a reaction to increased corporate outsourcing, which resulted in goods being produced in far-flung corners of the globe with highly variable conditions of production. When production was much closer to home, most often in the same country, Northern consumers were (sometimes mistakenly) confident that workers were being treated reasonably well and at least the most obvious forms of ecological destruction minimized. After all, following considerable struggle on the part of the working classes who were most affected by the negative social and environmental 'consequences' of production, national rules were put in place specifying minimum wages, working conditions, and environmental regulations to ameliorate the worst depredations of industrial capitalism. Much of this confidence was destroyed by outsourcing, and from that confidence gap sprang ethical consumption. While consumers and citizens could be assured that the poverty and pollution associated with much production would be less of a direct threat to them, they had a more difficult time harboring even the illusion that their purchases were produced in anything but a brutal manner. Products made using child and slave labor were brought to Northerners' attention by anti-sweatshop campaigns in particular. Not that sweatshops constituted new production practices, but in recent history at least they were not so widely used to make products commonly consumed in the developed world. In an effort to assist citizens whose concern about human suffering and ecological damage was betrayed by their own daily purchases, labels started to appear with 'No Sweat' and 'Organic' promises indicating minimum standards for workers and the environment. Much of the current ethical consumption ground was broken by the organic food movement, or using the analogy provided by FTUSA CEO Paul Rice, 'Fair Trade is following in organic's wake' (Horovitz 2004, 2B). Table 2.2 compares the sales of organic food to fair trade. In terms of retail sales, organic consumption was well established prior to the real expansion of fair trade labeling.

Crisis! Coffee

The subsequent spur to adopting coffee as the flagship product of fair trade was coffee's power of persuasion. The coffee industry's structure

Table 2.2 Organic and fair trade sales

Year	**US (US $ Mills)**		**UK (£ Mills)**	
	Organic food[a]	**Fair trade**[b]	**Organic food**[c]	**Fair trade**[d]
1997	3,594	Na	200	16.7 (1998)
2000	6,100	48	605	32.9
2003	10,381	208	1,015	92.3

Sources: [a]Nutrition Business Journal Survey of Manufacturers conducted for Organic Trade Association.
[b]2007 Fair Trade Almanac, Transfair USA—Coffee only.
[c]Organic Food and Farming Report 2004 http://statistics.defra.gov.uk/esg/reports/afq/afbwinter04.pdf, accessed July 26, 2007.
[d]http://www.fairtrade.org.uk/what_is_fairtrade/facts_and_figures.aspx, accessed December 8, 2012.

and its profoundly unequal distribution of benefits provided visible and sympathetic victims, and equally apparent but villainous perpetrators. These are standard grist for the mill of any social movement hoping to attract participants. First, the post-ICA coffee crisis that plunged millions of coffee farmers into desperate poverty was profound and it was visible. Neoliberal global trade was seen to be undeniably failing people, and while the state was still firmly in neoliberalism's thrall, fair trade presented a credible alternative to the hegemonic trade model.

If a movement wants to demonstrate the horrors of the current commodity market, it is easier to do so when conditions are at their most shockingly abysmal rather than merely at their more usual grindingly oppressive. Jasper and Poulsen (1995) couch this in terms of the power of 'moral shock' in the recruitment of strangers (those unaffiliated with existing networks of solidarity or unattached to existing collective identities engaged in protest). The social movement's case is even harder to dismiss when the abysmal conditions they present to potential participants stretch out for years. This was certainly the case for coffee in the late 1980s through 2004. The magnitude of the coffee crisis is well elaborated elsewhere (Fridell 2007a; Jaffee 2007; Luttinger and Dicum 2006; Oxfam 2002), but a quick glance at the price of coffee in Figure 2.2 should give some idea of the extent of the desperation of the producers, who number around 25 million globally. Coffee prices fell from a high of just over \$2.00/lb in January 1986 to \$0.58/lb in 1993. After bouncing

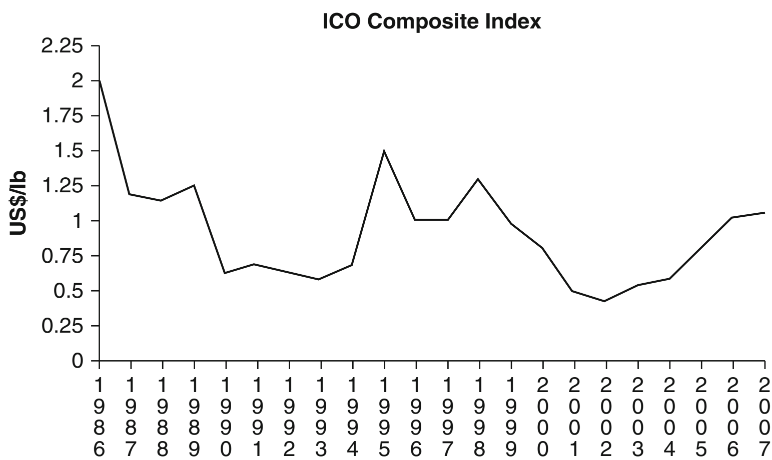

Figure 2.2 World coffee prices (1986–2007)

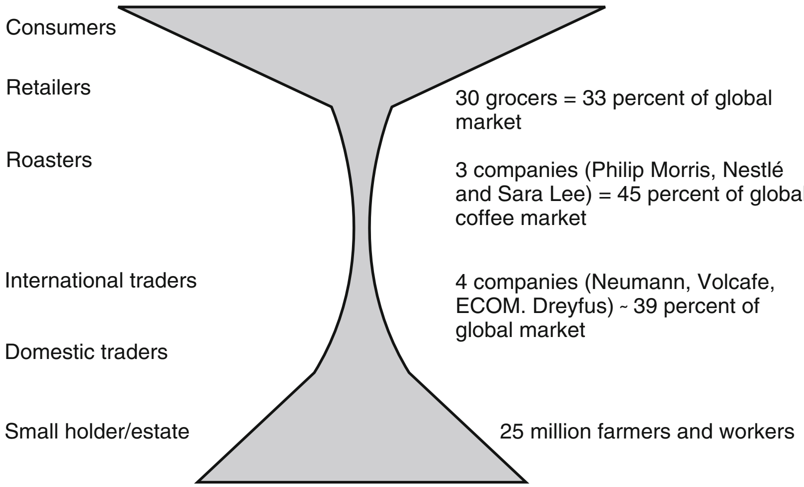

Figure 2.3 The martini glass of the global coffee commodity chain. Extreme concentration appears at the levels of the international traders and the roasters
Source: Vorley (2003).

back somewhat between 1995 and 1998, prices again plummeted to a low of $0.43/lb in January of 2002. For small, marginal farmers, this price decline was the difference between eking out a precarious, but manageable, living, to conditions of abject poverty and dissolution.

Secondly, coffee roasting is an intimate little club. A report by the UK Food Group and the International Institute for Environment and Development uses the insightful visual tool of 'hourglass' diagrams to demonstrate the degree of industry concentration at each stage of the global commodity chain. Figure 2.3 reproduces their diagram for the coffee industry. Starting from smallholder and plantation production involving 25 million farmers and workers, coffee moves through an extremely pinched hourglass before being poured into 2.25 billion individual cups per day at the consumer end.

Talbot's (1997, 69) analysis suggests that in addition to the stuttering and eventual stall of the ICA, transfers in the income and surplus share of the coffee economy from producer nations to consumer nations are explained by the increased market power of the transnational coffee companies, accomplished through a series of mergers and buyouts which accelerated through the 1980s. According to Talbot, 'after about 1986 . . . there was a massive shift of surplus from the coffee producing countries to TNCs in the core, who used their market power to hold down the price of green coffee while inflating the price of coffee processed for final consumption' (Talbot 1997, 86).

The increased concentration and power among the transnational coffee companies served to make them a more visible and promising target of social movement activism and protest. Specifically, two opportunities presented themselves for the establishment of the fair trade label. First, the gigantic multinational roasters made ideal villains. Their billion-dollar sales and cushy profit margins were easy to contrast with the misery of the producers tending the coffee trees. Daviron and Ponte (2005, 140) argue that the coffee roasters wield much more power than not only the producers, but even the large retail stores in which coffee is distributed. It is certainly the roasters that keep the largest single share out of the final price of coffee. In one study of the traditional coffee supply chain, roasters received a very tidy 45 percent of the final price, retailers a still respectable 33 percent, and farmers a deeply modest 7 percent (Opal and Nicholls 2005, 83). This fluctuates over time, of course, depending on conditions in the coffee market, and the structural power of actors across the supply chain.

Second, the well-established firms in the industry permitted fair trade to tap into the roasters' preexisting retail distribution channels, brand loyalty, and, crucially for fair trade (which suffered early on from a reputation as undrinkable swill), guarantees of quality. Fair trade faced a choice between creating their own brands, finding their own distribution channels, negotiating their own space on store shelves in direct competition with these powerful, well-established roasters—a process which often involves its own direct costs in the form of supplier payments (Vorley 2003, 35)—or attempting to tap into the coffee companies' preexisting infrastructure. Given the priority put on rapidly expanding the sales of fair trade coffee in order to expand the benefits to Southern producers, it is unsurprising that most fair trade movement organizations went with the option to engage with dominant coffee companies.

Neoliberal conditions and concentrated business power thus shaped the political-economic landscape upon which ethical labeling and fair trade coffee built themselves. There were two other important trends in the coffee market specifically that gave a push to fair trade coffee's building momentum: the industrial response to stagnating conventional coffee sales and the arrival of Starbucks.

Which brew are you? Coffee as a lifestyle

Fair trade coffee's success can be seen to some extent as the luck of timing. Despite the domination of the coffee industry by a very few firms, the coffee market was changing in a manner that would greatly facilitate fair trade's effort to pressure the coffee companies into carrying the fair trade label.

Coffee is a mature industry in the developed world. In the United States, for example, coffee consumption had been declining from 1962 (3.12 cups per person per day) to the 1990s (1.64 cups per person per day in 2004) (Luttinger and Dicum 2006, 159, 166). Since then, annual per capita sales of coffee have remained fairly constant, increasing very slightly from 3.98 kg/capita in 1995 to 4.1 kg/capita in 2009. The European market is quite similar. Although Europeans drink more coffee per person than do Americans, each member of the European Union consumed 5.5 kg of coffee in 1998, 5.4 kg in 2002, and 4.67 in 2009. Canada, on the other hand, has shown remarkable growth in the recent past. Consumption per capita increased from 4.0 kg/capita in 2003 to 6.4 kg/capita in 2006, a spurt that placed Canada among the top consuming nations in the world (International Trade Centre 2010). Despite the sudden caffeine addiction of the Canadian population, the Northern market as a whole, dominated by Western Europe and the United States is fairly static.

In response to market stagnation, the mainstream coffee industry acquired less tarnished specialty brands and devoted $9.6 billion in mainstream specialty coffee industry marketing (Lingle 2007) to plant coffee consumption within the fickle firmament of people's identities. Your choice of coffee was, the advertisers insisted, a signal of who you were. Increasing numbers of consumers felt both obligated and liberated to buy products such as coffee on the basis of criteria other than low price. Consequently, while the overall coffee market has not shown the kind of growth that would excite a coffee company CEO, the specialty coffee market has been growing rapidly. With specialty brand acquisition and marketing, the coffee industry transformed coffee from a necessary morning pick-me-up to a lifestyle beverage, the wine of alcohol-free drinks. Estimates on the growth of the specialty market range from 5 to 20 percent annually (Daviron and Ponte 2005, 77). People are now paying a lot more money for coffee, if it sets them apart (Luttinger and Dicum 2006). This is, of course, all carefully cultivated by segments of the mainstream coffee industry itself, eager to access the increased value added from product differentiation and the associated decrease in price elasticity that stems either from the snob effect of fancy quality distinctions or the less tangible lifestyle associations of modern marketing.

With a higher price and an identity connection established by mainstream coffee, fair trade was able to sidle into the market and suggest to a broader audience that one could perform a more socially astute act by consuming *fair trade* coffee, guaranteeing the producer a more reasonable portion of the price and better control over the conditions of production. Mainstream industry marketing provided an opening for fair trade, which was striving to differentiate its coffees not only on the basis of quality but on the process of production behind the beans. This, of course, meant appealing to people with a particular moral and ethical framework.

The Trojan Mermaid

No discussion of the opportunities presented to fair trade by lifestyle marketing in North America would be complete without a tip of the hat to Starbucks' meteoric rise. Starbucks had 4,709 stores operating internationally in 2001. By 2009, it had 16,635. The company's net revenues grew from $2.6 billion to $9.8 billion over the same period, with a return on equity of 13 percent in 2009—down from a heady 25–30 percent in the middle years of the decade (Starbucks 2009a, 19). Starbucks' impressive growth numbers came about precisely because it transformed the way that coffee is sold in North America. Starbucks' introduction of the latte, espresso, and double skinny mocha practically created product differentiation along quality attributes in the North American coffee consumer.

Perhaps more importantly it also pioneered what Daviron and Ponte (2005) call 'in-person' value, which includes the hip factor (such as it is) of the atmosphere and even of the fellow customers. Starbucks aims to generate in-person value by manufacturing a sense of 'community,' and by presenting itself as a meeting place. This ideal hearkens back to the original role of the coffee shop in England and the American colonies (Wild 2005, 131), where intellectuals and revolutionaries would gather to debate the merits of slavery or plot the overthrow of the government of the day.

Both the growth of Starbucks and its brand positioning as a social center or a community-gathering place provided an ideal opportunity for fair trade activists looking to expand their sales. Most obviously, if fair trade could tap into even a fraction of the rapidly growing sales of Starbucks cup or bean coffee, this would dramatically increase the size of the fair trade market. Of course, this could have been said for any of the other major roasters. What made Starbucks an ideal opportunity for fair trade was its positional marketing as a center of the community. The customer demographics attracted to (or targeted by) Starbucks were exactly those that have demonstrated the strongest commitment to ethical consumption—in the derogatory terms of dismissive conservative commentators, the 'latte liberals.'

With marketing, higher prices, and the innovative 'community' style established by the Starbucks business model, coffee was on a firmer mass-market footing. Starbucks' mainstream identity coffee marketing has been so successful that young people in the United States, for example, have learned to prefer 'caché' coffee to cheap versions. The growth of specialty coffee has even withstood the decline in consumer spending that accompanied the 2008 economic crash, which most people predicted would result in people jettisoning their luxury consumption in an effort to save money. Even cheap, community-free McDonalds was able to ride that Starbucks gravy train, peddling its own 'caché' coffee (Hobson 2009).

Fabricating an atmosphere reminiscent of community was a surprisingly successful business strategy for Starbucks. Yet this cozy fireside ambience perched awkwardly upon the poverty of those who worked to grow the coffee being sipped on the comfy Starbucks couch. The fair trade movement opportunistically seized on this business Achilles' heel as Global Exchange targeted Starbucks with the first campaign to pressure the company to switch to Fair Trade certified. The vulnerability that Global Exchange exploited with that boycott was Starbucks' recognition that much of its existing value and prospects for further growth (their goal is 20,000 stores in North America and another 20,000 abroad) was based in its brand. As the company recognized in the risk statement of its annual reports, public perceptions that the company was acting 'unethically' posed a serious hazard (Starbucks 2009a).

The expansion of the coffee specialty market, due in no small part to Starbucks, established an acceptance in the North American public for symbolic and quality price premiums, while the 'community' branding of the Starbucks franchise provided the perfect foil for fair trade's message about exploitation and environmental destruction by the coffee industry. To save itself and to prosper at the turn of the twenty-first century, the mainstream coffee industry was forced to create market opportunities that benefited its fair trade rival. At that historical juncture, fair trade organizations seized the opportunity to rapidly expand fair trade sales for producers by working within mainstream coffee industry channels.

In addition to its advantageous material qualities, and the openings provided by broad political economic shifts, new players in the coffee sector, and a fortunate, if unintended push from the major roasters, coffee had other advantages over the fair trade pioneer, handicraft. It is to this that we now turn.

Coffee vs craft: The limits of handicraft production

Prior to the rise of fair trade coffee, the fair trade movement was hitting the limits of handicraft production as a vehicle for development. The handicraft-focused IFAT member SERRV was operating in the red and SELFHELP's sales were stagnating in the early 1990s (Fridell 2007a, 62–63). While the situation is no longer quite so dire on this front, handicraft production has tended to have significant international exchange limits, given its unsurprising tendency to struggle with accommodating faraway material and social desires. However charming, these are made objects that materialist philosopher Elaine Scarry (1985) might cite for ignorance of human need or desire, once they are transposed into alien contexts. That is, if production is in part about creating things that make people feel more comfortable or cared for, or that enable us to participate in community life, and these are both environmentally and culturally determined, it is no surprise that sometimes things produced by, of, and for Southern cultures have limited use value in Northern cultures. Consider here economist Jane Jacobs' (1985) seminal discussion of the market power of local products re-tooled for expanded utility across societies. Batches of locally oriented handicrafts exported abroad can constitute the opposite of Jacobs' ideal. No matter the warm associations they evoke for the cosmopolitan, ethical travelers who originally encountered them, such products can have limitations in foreign markets where they may introduce little or even negative utility.

However, there is no doubt that the Northern market for exotic handicrafts provides needed income to women who have few employment opportunities, and that marketing can bridge the divide between utility and desire. Starting with distribution through missionaries, and expanding through the world shops opened by religious groups in the 1970s, handicrafts have been given new life by fair trade umbrella organizations' post-1990 focus on marketing.

Reinvigorated fair trade institutions had to deploy marketing to reshape wants and needs in the foreign market in order to expand handicraft sales. But high-quality, fair trade-certified coffee was able to swiftly align both affluent core consumers' and peripheral producers' needs and wants. People's love for coffee's sensory embrace—its warm, ingratiating aroma and simultaneously soothing and demanding taste, as well as its stimulatory, addictive impact on human bodies—has fused easily with those widespread, liberatory aspirations made dear under capitalism. Transformed by fair trade activists from an insensate commodity into a product containing human knowledge of both the conditions of production and the desires of faraway consumers, coffee was effective in expanding the fair trade market.

Fair trade and commodity fetishism

Fair trade is a movement that attempts to make the social and the environmental conditions in which commodities are produced a very visible part of the product. This is accomplished by attempting to distinguish fair trade products from other commodities at the retail level by explicitly advertising their conditions of production—to take that which is hidden by the commodity form and thrust it into view.

This is not a completely new idea. In the past, efforts have been made to provide consumers with some small piece of information about the production process through the use of labeling. The two most obvious examples are union-made and country-of-origin labels. In both of these cases, the label was supposed to identify desirable production traits for which the consumer would have a preference. The labels were reinforced by ads imploring consumers to 'look for the union label' and 'buy American.' Neither of these schemes carries a great deal of influence currently, and as Dana Frank (1994) so richly describes, the union label was not fully embraced even by union members when it was launched. However, they were the seed from which the current forest of labels has grown. Fair trade is only one of many movements attempting to resurrect labels as a means to bring production information to the forefront of the purchasing decision. Labeling projects exist for, among other things, tuna caught without killing too many dolphins, lumber harvested in an environmentally responsible fashion, sustainable fisheries, and rugs made without child labor.

It is not sufficient to define fair trade, or any of these other labeling projects, as a movement that 'entails the marketing of products at greater than free market prices' as some have done (Leclair 2002, 949). The much more ambitious project taken on by labeling is to expose the conditions of production behind the commodity and to get people to pay a higher price for 'superior' methods. Having said this, many of the labeling projects are fairly limited in their ambition, attempting to eliminate merely one particularly galling aspect of the production process. So, dolphin-friendly tuna attempts to minimize (although not eliminate) the collateral damage done to dolphins as a result of catching tuna. Similarly, the idea behind conflict diamonds is to stop the purchase of diamonds that are mined in regions engaged in violent conflict. For those who love dolphins and hate human suffering, these are undoubtedly worthy objectives. However, they are fairly limited in their ambition to transform the broader conditions of production. Among the labeling projects, fair trade, at least in the case of coffee, is uniquely ambitious.

Fair trade coffee is an attempt to dramatically change the relations of both production and exchange and, crucially, to render the process of production visible at the point of exchange. Fair trade coffee under the FLO label fosters an alternative structure of ownership in the coffee industry, away from larger-scale farms with their attendant relationships between landless laborer and landowner and toward an industry in which those who produce are those who own. At the point of exchange between producers and importers, fair trade insists on a relationship based on more than the self-interest of both parties. Importer criteria for participation in a fair trade labeling scheme are geared at promoting longer, closer relationships between buyers and sellers and making sure that a greater proportion of the final price reaches the farmer. More specifically, importers must agree to a number of practices that would be antithetical to a trade based solely on the principles of self-interest. Importers must purchase coffee directly and exclusively from small producers' organizations listed in the producers' registry. They must pay a minimum price to the grower, regardless of the current world market price. The additional price for organic reflects additional production costs and higher consumer demand compared with non-organic fair trade, but also reflects the fact that fair trade organizations want to encourage production that improves on social and environmental production processes.

The relationship between producers and importers is based on entirely different principles than those that give rise to commodity fetishism. Many importers, especially those who became involved in the earlier stages of fair trade, are not only interested in the product as a commodity, isolated from the conditions in which it was produced, but are also equally (or perhaps more) concerned with the producers themselves, their social relations of production, and the ecological character of the interactive process of transformation between humans and nature. Fair trade thus tries to break down the isolation endemic in commodity society and begins to differentiate on the basis of production processes rather than (or at least, in addition to) the characteristics of the final product.

At the final point of sale, fair trade attempts to increase the visibility of long-term impacts and global connections involved in day-to-day economic transactions through the education of the final consumer. Using histories, descriptions, and pictures of producer groups, as well as explanations of production processes, fair trade offers the opportunity to reinstate, at least partially, the information about process that is so lacking in conventional trade. This is an extremely important distinction between conventional and fair trade and enables Northern consumers to avoid products made under exploitative, dangerous, or ecologically damaging conditions. Fair trade labeling schemes, for their part, provide assurances to consumers that goods marketed under their seal were produced under conditions that comply with a clear set of criteria. But even in the most committed of fair trade coffee shops, the extent to which fair trade actually conveys information about the land, people, and relations embodied in the bag of coffee is limited. While consumers are assured that the price paid to farmers is 'fair,' for example, they are not told that the fair price leaves many producers in poverty, as the case study evidence presented in Chapter 3 suggests. Information provided at the point of purchase leaves many, many blank spaces, and can, at best, only serve as a gateway to further exploration on the part of the customer. The educational experience of consuming fair trade coffee is also highly varied, depending on whether you sip it at an independent, mission-driven coffee shop that displays pictures, articles, and write-ups on producer groups, or whether you sip it at Starbucks (or most other chains offering fair trade coffee), where the only information revealed are the words 'fair trade' in front of one of the many available brews, and you are free to fill those words with whatever meaning strikes your fancy.

What fair trade does do is attempt to draw the consumers' attention to some aspect of the process that brings the commodity to the shelf. It claims that production processes are important aspects of commodities, and thus of your purchasing decision. At least in North America, consumers currently do not generally consider the process by which their purchased goods are made. In attempting to differentiate between different kinds of labor—between different qualities of the production process in terms of human and environmental consequence—the fair trade movement could play a potentially crucial educational role. In getting people to focus their attention beyond the commodity and on the social and the environmental conditions in which it was produced, fair trade could encourage people to identify less as consumers and more as political actors—as citizens whose agency in the world ramifies through existing structures to produce specific consequences for other humans and for nature. This would also foster the values of solidarity, empathy, and complexity that Bowles (1991) finds are atrophying in a society in which commodity markets are so prevalent.

Limits and critiques

There are limits to this, however, when we take seriously the idea that humans develop themselves, learn patterns of thought and action, and develop priorities, skills, and capacities through creative work. Indeed, it would appear as though one of the obstacles to a movement attempting to erode the pervasiveness of commodity fetishism is the tendency of the populace to fetishize commodities. The tendency of commodity markets to encourage individualistic and simple decision making pointed out by Bowles (1991) also provides a barrier to fair trade, which requires a much more complicated and solidaristic thought process. This gets at an important contradiction within fair trade's efforts to erode the fetishism of commodities. Although the process of consumption (with its attendant advertising and marketing) has become a powerful influence on human consciousness, the roots of commodity fetishism lie, at least to some extent, outside of the scope of fair trade's influence over Northern consumers. Marx locates the roots of commodity fetishism not in the sphere of exchange, where the Northern consumer encounters fair trade, but in the sphere of production. If the day-to-day experiences of Northern consumers are themselves those of alienation from the products and the processes of production, then it comes as little surprise that their ability to overcome commodity fetishism is limited. To the degree that the consciousness of the North American or European consumer is conditioned by his or her own relations of production—relations that fair trade cannot directly reach—the movement encounters a constraint to its growth and its effectiveness that it cannot address on its own.

We are far from the first to comment on this possible wrinkle in fair trade's transformative capacity. A number of critical perspectives have highlighted the potential weaknesses of fair trade in eroding commodity fetishism, and facilitating systemic transformation. These criticisms largely focus on the problematic nature of locating political struggles for justice in the market. Matthew Watson (2006) is cautious, though certainly not dismissive, of fair trade's capacity to undermine the commodity fetish. He argues that fair trade can close to some extent the 'distance' between producer and consumer, and works to include consideration of the conditions of production in the act of consumption, thus weakening the tendency toward commodity fetishism. At the same time, however, it 're-works' (443–444) the commodity fetish by commodifying the act of solidarity. He suggests that fair trade consumers perform two, simultaneous gestures in the act of purchasing fair trade goods. On the one hand, they actually extend moral consideration (and material support, we would add) to producers at the far end of the trade link. On the other, they spend extra money on fair trade in order to signal to their peers that they are acting according to group norms and expectations. They act in this regard like Veblen's 'conspicuous consumers,' though what makes the consumption conspicuous is the moral element. So, by enacting their solidarity in the market, they pay for the satisfaction of being recognized as a 'good person' by their peers. In terms of the fetish, a part of the value of the commodity (or more specifically its fair trade status) derives not from whether it materially improves the lot of producers, or has positive effects on the environment—recognizing these as subjects to whom one is responsible and connected through exchange, but from the conferring of status on the consumer, regardless of the material realities of fair trade's impact at the producer end. What matters in this sense is the label itself, not its underlying material consequence. We return to this problem—and as Watson points out, it is a serious one for fair trade as it engages with major corporations—in Chapters 4 and 5.

According to Josée Johnston (2002), it will inevitably be difficult for any movement that focuses its efforts on the individual's role as a consumer to create a meaningful alternative to conventional production. Johnston argues that a focus on changing the world through consumption choices creates three specific problems. First, relying on individualistic notions of choice and consumer sovereignty rests on the dominant idea that the market is an avenue for democratic expression that is, in many ways, superior to the political arena. Thus, Johnston critiques the idea that protest can be more successfully pursued through the market, simply by consuming correct items, than by using more collective political means. Maniates (2002) makes a similar critique of all individualized modes of addressing environmental degradation. Individualized responses are, in both authors' views, problematic given that the very structures that have created the inequality are, indeed, political and require collective action. This narrow, individualistic channel for fostering change is inevitably ripe for corporate cooptation. Maniates (2002, 47) argues that in order to adequately confront our environmental dilemma, 'individuals (must) understand themselves as citizens in a participatory democracy first, working together to change broader policy and larger social institutions, and as consumers second.' Johnson points out that individual solutions also overlook the crucial fact that in a market not everyone has an equal number of votes or dollars, making fair trade a consumer movement of the reasonably wealthy. Additionally, it obscures the structural linkages between the nations in the core and the periphery. The exchange relationship between the developed-world consumer and the developing-world producer is presented as one of equals. The conditions of southern producers are glossed over on the shiny pages of fair trade catalogs. After all, the object of fair trade is to induce sales, not to make potential consumers uncomfortable. Finally, Johnston argues that fair trade neglects the environmental problems of overconsumption in the developed world, giving people the false impression that they can, in fact, improve environmental and social conditions by consuming differently, ignoring the crucial debate about the scale of consumption and the necessity of lifestyle changes by the overconsuming North.

In a similarly critical vein, Gavin Fridell (2007a) argued in his book *Fair Trade Coffee*, that fair trade is a step backward from earlier efforts to support Third World producers. For Fridell, not only is mainstreaming an undesirable departure from ATO-style fair trade, but the ATO project was itself an undesirable capitulation to neoliberalism and the associated end of state intervention. The state-driven ICA, for example, led to historically high prices, ensuring that the producing nations received a higher share of the final retail price than is now the case even with fair trade. The distribution of this higher share within the producer nation depended very much on domestic class relationships and land distribution, meaning that often it was larger estates and big landowners not the small-scale producer or landless laborer that benefited. Nevertheless, Fridell argues that when accompanied by the appropriate land redistribution policies as was the case in Costa Rica, the ICA provided a non-market solution to low producer incomes. Fridell blames the downfall of the ICA on the end of the Cold War, which eliminated the need for America to curry favor with the developing-world producer nations, and on the rise of neoliberalism, in which state intervention in market-determined prices was seen as inefficient.

Fridell shares Johnston's concern that the demise of the ICA and the rise of ATO-style fair trade marked an important, and detrimental, shift toward putting pressure on corporations rather than governments—for people to seek social justice as consumers rather than citizens. The most obvious problem with the ATO approach of building an alternative network of exchange is that its ability to deliver benefits to producers will inevitably be limited by the number of hard-core, socially responsible consumers who are willing to venture into the less-than-salubrious surroundings of the church basement or through the beaded entranceways of Third World charity shops. Expanding sales to a wider audience requires either a long and uphill battle to develop sufficient consumer demand to warrant space on supermarket shelves or access to mainstream distribution channels through the brands that already dominate the market. Given these alternatives, it is little surprise that fair trade labeling took the latter option. For Fridell this problematic trend has the air of inevitability. Providing producer benefits is dependent on selling fair trade coffee, which means some combination of cooperation and competition with the very well-established multinational corporations that dominate the coffee industry. Worse, it means engaging them in the arena of consumption, a venue in which they are particularly skilled, and indeed, the ability of the corporate world to influence fair trade does give rise to significant problems, as we will discuss in Chapter 5. Finally, by choosing the consumption path, fair trade gives people the false impression that they can change the world through their consumption activities, which they cannot, causing them to abandon the only real hope of meaningful change, which is through the democratic mechanism of the state implementing non-market policies like the ICA.

Fridell (2007a) argues that fair trade's methods are the result of a lack of appreciation of the fundamental dynamics of a capitalist economy. Within the fair trade movement, poverty and environmental degradation are not seen as caused by the conditions of capitalist production and consumption, but by companies behaving in an irresponsible fashion. Thus, if they can be pressured into realizing the error of their ways, and transformed into caring corporate citizens, the poverty of Southern producers and the destruction of the environment could be alleviated. If this is, indeed, how fair trade frames its criticism of the coffee commodity chain, then Fridell is correct in challenging it as hopelessly naïve given the requirements of the capitalist market system. Capitalists, managers, firms, even gigantic multinational coffee companies are not (as a rule) actively immoral. Rather, they attempt to maximize their profits. The deplorable environmental and social conditions in the coffee industry are a result of attempts to reduce costs and increase profit margins. Should any one firm in the industry fail to take advantage of cost-cutting measures, it will have lower profits than its competitors and will find itself at a disadvantage in the future as it will have less money to reinvest in new technology or marketing. In assessing this argument, we look at two issues: one is whether fair trade represents an effort to morally sway capitalists and the other is to examine the viability of the state-led alternative.

We agree with Fridell's analysis that efforts to turn multinational roasters into 'caring' corporate 'citizens' are misguided. However, we would also argue that fair trade is not attempting to get corporations to stop behaving irresponsibly but attempting to get consumers to do so. While firms are disciplined by the market for making cost-increasing but caring decisions, people are not. Fair trade is an attempt to regulate the exploitation of workers and nature by making cost-increasing changes that benefit producers and the environment profitable by changing the structure of consumer demand. This is not to suggest that firms merely respond to the exogenously determined desires of their consumers as is assumed in much of mainstream economics. However, as Dawson (2003) points out, the customer is not totally powerless in the arena of consumption. The right to refuse to purchase unwanted products does influence the behavior of firms. A switch from conventional to fair trade coffee by consumers will change the profit-maximizing calculations of coffee companies. Of course, firms will respond by attempting to channel these new consumer desires into avenues for profit, creating exactly the kind of dynamic that we will describe in Chapter 5. In this sense Fridell is correct in claiming that relying solely on consumer choice at the supermarket to rectify the problems in the coffee, or any other industry, will inevitably run into problems. On the other hand, Fridell may be overestimating the state-based solution and underestimating fair trade.

The state-based solution, at least in its most successful incarnation as the ICA, contains fundamental flaws that make it unsustainable. As mentioned previously its principle economic flaw was that it was a cartel arrangement in which the producing countries agreed to cut back supply and purchasing countries, most importantly the United States, agreed to buy only from countries that had signed the ICA. These actions were successful in driving up the price of coffee beans. What makes this unsustainable is that the high price will create an incentive for producer nations to cheat on their quota and for buying countries to purchase from other nations. This is precisely what happened in the ICA. According to coffee industry analysts Daviron and Ponte (2005, 87), the ICA was 'undermined by free-riding and squabbling over quotas.' ICA-style cartels have been attempted in many commodities, from sugar to copper and with the predictable exception of oil; all have collapsed for these very reasons.

From a political perspective the ICA was also doomed to long-term failure. Fridell points to the fickle whims of US international foreign policy as the cause of the ICA's downfall, as we reviewed earlier. However, a deeper problem with the ICA is that it never had popular support from a broad section of the US population. It was largely an agreement between Southern elites in Brazil and Columbia, the US government, and the major US roasters. It was designed principally to keep prices higher so that the Columbian and Brazilian governments could continue to fund showcase development projects like the construction of Brasilia, and to enhance the predictability of prices and access to contracts for the roasters in the North (Luttinger and Dicum 2006). The US government saw propping up coffee prices as another instrument to steel Latin Americans against the siren song of the communists. Once the Cold War ended, enthusiasm for the deal quickly withered among US elites, and nobody else in the United States particularly cared. Any lasting state-based solution needs popular support—that is, it needs to be a democratic solution administered by the state—something that was not the case with the ICA. Any political response to poverty and environmental degradation that fails to constantly remind people that a commodity embodies a specific labor process involving specific social relations with differing consequences for workers and for nature—as the ICA failed to do—will be unlikely to last.

From consumer to citizen

The Fridell–Johnston criticism may also be underestimating the potential of fair trade on two counts. First, fair trade does provide an effective and necessary transfer of income from North to South. While the evidence from case studies in Chapter 3 shows that this transfer is far from sufficient to pull producers out of poverty, it does increase the stability of land ownership for small producers. Additionally, the fair trade premium provides vital resources for the development of cooperative organizations that can and do provide an institutional base for ongoing fights over things like land reform and indigenous rights. In the South, rural semi-proletarians, small-holders, and workers need a reasonably stable economic livelihood. They need to be released from bonds of economic exploitation that keep them on a debt treadmill and beholden to local and national elites. They need spaces to practice democracy (such as their cooperatives). They need funds to develop political organizations and to reorient their capital stock away from pure export orientation and toward production using local resources to meet local need. They need to have links of solidarity with Northerners to provide them with a modicum of protection and recourse in the face of violent attacks from opponents. Fair trade cannot provide all of this, but it can provide support for parts of it. It is one way that Northerners can express solidarity at a level beyond the symbolic for the various political struggles of small farmers in the South.

Second, although it is true that fair trade reaches Northern consumers only in the sphere of exchange, this does not necessarily mean that it cannot start to foster a discussion about the conditions in which goods are produced that moves well beyond placating the guilty conscience of the well-to-do. In Chapter 4, we present an analysis of the extent to which activists are using commodities like coffee to start just such a conversation. Further, to condemn a movement because it relies on participants engaging in the realm of exchange is to further close down an already restricted space of political struggle. Much of what passes for culture in Canada and the United States takes place precisely in this sphere. The 2005 StatsCan time use survey showed that Canadians spent an average of over five and a half hours per week shopping. The only leisure activity to which Canadians were more dedicated was watching television (a remarkable 15 hours a week), which one could reasonably argue is a form of pre-shopping or a shopping warm up. It certainly outweighs the average two hours a week people spent on 'civic and voluntary activities' (Statistics Canada 2006). As Maniates (2002, 47) argues, if we are to seriously confront the crippling problems of environmental degradation and injustice facing us, people must indeed see themselves primarily as citizens in a participatory democracy, rather than as consumers. The problem is that the statistics above suggest that this is asking people in the North to understand themselves other than as they are. It is asking them to step well outside of their daily experience both in and outside the workplace, and the weight of media that condition their consciousness. Asserting that people must re-conceive of themselves, that they must abandon the well-worn path of consumerism for the more trackless terrain of citizenship, is accurate, but it tells us little about how people might make that step, apart from through pure idealism. We need an experientially rooted pathway out of the market, toward a rallying point for collective action. Our argument here is in some ways similar to that of Seidman (2007), who argues powerfully in the context of movements for labor rights that the most effective forms of 'stateless regulation' are precisely those that aim to make voluntary or consumer-based forms of governance unnecessary. While Seidman's analysis is rooted in the struggle to rebuild local state capacities for the monitoring and enforcement of labor rights in the South, the logic of social change remains consistent with our case. The goal must be to rebuild democratic institutions in the North and the South through which workers, producers, and citizens can effectively demand fair treatment for themselves and the protection of their environment, as well as support the struggles of their fellows at the opposite end of the trade link for the same. We can be certain that the initial steps toward citizenship will not come from exhortation alone, but from practice.

This presents us with a serious conundrum; one that clarifies many of the struggles within the fair trade movement. Opportunities for participation in economic and political decision making are scarce indeed. In one sense, then, fair trade represents a capitulation to this—a channeling of dissent into the market and away from the far more powerful but difficult realm of democratic struggle. However, at the same time, all struggles must start from particular conditions, as Marx (1852, 1) warned us with his assertion that we make our own history, but not just as we please. The critique that we are being turned into consumers, rather than seeing ourselves as potential producers (not only of goods and services, but of politics and culture), is well targeted in terms of what it implies for the prospects for human freedom and, in light of environmental destruction, even human survival. We cannot continue as societies of consumers. The problem with the critique is that it fails to recognize the extent to which Northern societies have succumbed to or embraced that transformation. So much time is spent in the largely passive 'act' of consumption, so much meaning is sought in limited and ultimately disappointing engagement with commodities (Hamilton 2004; Kasser 2003; Lane 2001) that the initial encounter with (or some attempt to begin the creation of) a public is now consigned to take place partly there. The vital question is, does this 'political consumerism' (Stolle et al. 2005) recognize its own limits, and actively seek to move beyond the market, or does it conceive of and conduct itself as a solution, rather than as a transition.

If movements like fair trade, that engage people in the sphere of exchange, serve as a substitute for other forms of political challenge, then the Fridell–Johnston criticism is accurate. However, cross-national research suggests that 'political consumerism' is not displacing other forms of political involvement. While this kind of research is in its infancy, the results so far indicate that increased engagement with political consumerism has no negative effect on conventional political participation (voting, engagement with political parties, contacting politicians) and was positively correlated with unconventional political participation (culture jamming, demonstrations, civil disobedience). Participants in political consumerism are not any more alienated from conventional political institutions than non-participants, and they are more likely to take to the streets. Initiatives like fair trade thus appear to be an expansion of the political repertoire, rather than a substitute for other, more collective forms of political action (Stolle et al. 2005). Nonetheless, there is unquestionably a temptation to give in to the 'individualization of responsibility' that fair trade offers; a temptation to see fair trade as sufficient, rather than as a necessary first step.

Conclusion

Fair trade and its flagship commodity have proven highly successful in breaking down barriers to its expansion. As fair trade has grown beyond the initial networks of trust that were its cradle, it has developed into a highly rationalized system of guarantees underlain by a considerable bureaucratic apparatus. The tiny label on your coffee bag, it turns out, actually carries behind it an enormous set of requirements and conditions, some of which are quite radical. The process of codification, however, has meant considerable internal struggle, as activists wrangle over the delimitation and definition of their shared commitments. Even as late as 2008, activists gathered in workshops to debate the validity of what was being put forward by a coalition of fair trade organizations as the 'gold standard' definition of fair trade. As this struggle proceeded, fair trade coffee labelers were seizing on emerging political and industrial opportunities in the coffee sector to grab market share and boost sales. This has resulted in the phenomenon of 'mainstreaming,' which is the focus of Chapter 5. It is worth noting however, that the mainstreaming of fair trade is shown in the present chapter to be the product of a confluence of interests, a marriage of convenience, and it has its developing contradictions. An historical perspective indicates that there is no guarantee that it will always be to the coffee industry's strategic advantage to promote identity-enhancing brands; and it is doubtful that it will always be strategic for fair trade to focus on expanding through mainstream channels. In many ways, coffee and specifically certified-label coffee put fair trade expansion in its own vulnerable position, as the fair trade movement abandoned the state and forged an alternative trade network (Fridell 2007a, 45). In doing so, it became tied to more strangers with less information, less socially embedded commitment, less robust interpretive frameworks, and less sabotage-resistant trust than Mrs Edna

Ruth Byler probably had on her mind on her long drive back home to Akron, Ohio.

This calls into question fair trade's potential to act as a resilient transformative project. Thoughtful critiques of fair trade from scholars like Watson, Johnston, and Fridell, along with critiques of similar initiatives in apparel, timber, and other sectors (Gale 2002; Seidman 2007) point to the serious limitations of fair trade as transformative. Fair trade in this sense does indeed operate in a very tight space—attempting to engage with consumers in the market, without becoming absorbed by it; without succumbing to its individualizing logic (Renard 2003). This, however, is a necessary danger. Social movement proceeds in an inherited landscape. Currently, that landscape is dominated by the very things that the more radical fair trade activists and organizations would like to flatten: commodity fetishism, consumerism, states ill-equipped for and uncommitted to supporting social justice, and the domination of markets. The problem for a transformative fair trade, then, is how to turn the market against itself; how to carve out and expand a space of ecologically and socially conscious political engagement within the politically devoid space of exchange. Following an overview of what we know about what fair trade does and does not do to improve the livelihoods of producers, we turn in Chapters 4 and 5 to a discussion of whether fair traders' talk (Chapter 4) and their walk (Chapter 5) suggest that it is realizing or dissipating its transformative potential.

3
The Persistence of Poverty

The most fundamental goal of fair trade is to improve the lives of developing-world producers. If it fails in this goal, the rest of the project is completely immaterial. In fact, if developed-world consumers were paying $12 for a bag of coffee that failed to improve the social and environmental conditions for coffee growers, the whole project should undoubtedly be abandoned. Fair trade promotional literature is littered with anecdotes about how fair trade transformed producers' lives from those of destitution and hopelessness to survival and optimism. These testimonials are from the former TransFair USA site:

> The fair price is a solution. It has given us the chance to pay a good price to our farmers. Those who are not in Fair Trade want to participate. For us it is a great opportunity. It gives us hope.
>
> —Benjamin Cholotío

> Thanks to the Fair Trade market, our standard of living has substantially increased. With your support, we look forward to a more promising future.
>
> —Miguel Trigoso, Marketing Manager, APARM coffee cooperative, Peru

> With Fair Trade we have an incentive to invest in social programs that benefit producers and the community. We also receive higher incomes to sustain ourselves. If it weren't for Fair Trade, we wouldn't exist as banana producers since the amount we receive for a box of conventional bananas does not cover our expenses.
>
> —Edinson Cabana Zapata, co-op member, ASOPROBAN banana cooperative, Colombia (TransFair USA 2009b)

Social scientists, however, are taught to be suspicious of anecdotal evidence, not because people's viewpoints are irrelevant, but because it is very dangerous to make general conclusions from the experience of one individual (or three, or five). Fortunately, the growing prominence of fair trade has attracted a number of researchers attempting to move beyond the anecdotal and study its effects on cooperatives, communities, and, even more broadly, developing nations or coffee producers as a group.

The research can be divided into two categories: case studies and broader assessments. The most obvious method to use is case studies, which examine particular cooperatives or communities to assess the impact of fair trade on producers. The strength of this method is that researchers can delve in great detail into the specific impact of fair trade at the producer and organizational levels. This is particularly important for fair trade because many of its goals can only be evaluated with in-depth local examination. For example, one goal of fair trade coffee is to strengthen the democratic structures of cooperatives, which is virtually impossible to evaluate without detailed, on-the-ground research. The weakness of the case study approach is that it is dangerous to generalize the impact on one cooperative or even a group of cooperatives to the entire fair trade project. This is especially true if there is a 'fallacy of composition,' which means that what may be true for one subsection may not be true for the entire group. This is commonly brought up in the context of attempts by developing countries to increase their exports of raw materials, a policy that was very much in vogue with the IMF and World Bank during their SAP phase. It is possible that if one country alone increased its production of coffee (or sisal, or bananas), then that country would benefit substantially. However, when a large number of countries increase their production, the decreased price may well offset the increase in quantity. So, a wise policy for one single country can be counterproductive when attempted on a larger scale. It is possible that this might also occur for fair trade in the sense that if only a small number of cooperatives participated they would benefit substantially, but expanding it to more producers under conditions of constant demand would nullify the gains as each cooperative would sell a smaller portion of their harvest under the fair trade label. In an effort to account for these larger effects, this chapter will also examine research that attempts to evaluate fair trade using a wider lens than is typically employed in the case study approach.

Case studies

There have been a significant number of fair trade case studies. Predictably, given the variety of cooperatives being examined and the different methods being employed by the investigators, conclusions about the impact of fair trade range from outright dismissive to much more supportive. We have divided the studies in this section into three types. First are those that focus on the non-income advantages fostered by fair trade. Second, we include two studies that interviewed cooperative members 'on the ground' to discover whether there are differences between the benefits discovered by researchers and how producers experience fair trade. Last, a select few studies have attempted the often painstaking collection of data that would allow them to make an estimation of the income benefits.

Many studies have found that producers involved in fair trade enjoy substantial non-income benefits. In a study comparing Tanzanian and Nicaraguan cooperatives in the fair trade network, Pirotte et al. argue that the Nicaraguan experience has been more positive than that in Tanzania. Without providing a great deal of supporting evidence they claim that at least in the Nicaraguan cooperative:

> Although most studies focus on the economic impact of fair trade, its greatest advantages may well be far broader. Previously marginalized and isolated, driven to take risks as a result of their dependence, fair trade has given small scale producers the economic security to enable them to develop and take charge of their own lives within the cooperative network.
>
> (Pirotte et al. 2006, 450)

As part of his larger assessment of fair trade coffee's transformative potential, Fridell takes a close look at the Union of Indigenous Communities of the Isthmus Region (UCIRI) cooperative in Mexico. UCIRI can boast an impressive array of non-income benefits for its members. Association with the fair trade network improves their financial credibility, increasing access to credit. Investments have been made in processing facilities, communication networks, and transportation infrastructure. The social premium has been utilized in improving housing and educational opportunities. Members of the cooperative get a democratic voice in the distribution of these funds and UCIRI has played an important role in mentoring other cooperatives and organizing politically to lobby for their interests. According to Fridell (2007a, 221), belonging to fair trade has resulted in 'improved capabilities to attain valued activities that have enhanced the quality of life in UCIRI communities.' Similarly, in a summary of seven case studies involving cooperatives in Mexico, Guatemala, and El Salvador, University of Colorado sociologist Peter Taylor came up with an extensive list of benefits, including increased access to credit, improved crop quality, better access to other development projects, increased capital spending in the cooperative, stronger organizational capacity, improved environmental stewardship, even increased confidence, and a sense of cultural pride (Taylor 2002, 20).

Sarah Lyon's study of a Guatemalan cooperative finds many of the same benefits as Fridell and Taylor but argues that perhaps the most important improvement brought by fair trade is the expansion of human rights that results from the democratic structure and mutual aid in a cooperative setting. This is especially important given the incredibly repressive recent history of Guatemala (Lyon 2007, 251). On the downside, women continued to play a very subordinate role in the cooperative and, despite a much closer relationship between the cooperative and its fair trade buyers than is often the case, the producers had little understanding of fair trade (Lyon 2007, 255). Despite these qualifications, Lyon is remarkably enthusiastic about the long-term potential of fair trade. Although she has some reservations about fair trade expanding into certifying plantations in other commodities like tea and bananas, she concludes that at least in the case of its impact on coffee, 'fair trade will play an increasingly important role in global struggles for justice and equality' (2007, 258).

Finally, a study of the Majomut cooperative in Chiapas added an environmental dimension to these other social benefits. The organic premium and increased access to the Northern market made possible by organic certification has decreased the use of pesticides and other chemicals, but it should be noted that the cost of these inputs meant that they were not extensively used by most Majomut members in the first place. The environmental benefits go well beyond the requirements of organic certification. The coffee grown by Majomut members is done so exclusively using the shade-grown system, which mixes coffee with other crops and trees. Compared to the higher-yielding sun system, which is a more industrial mono-crop technique and is the standard production method on larger farms, the shade system is drastically superior in terms of biodiversity and soil quality (Hudson and Hudson 2004; Moguel and Toledo 1999; Rice 1999; for a good quantitative analysis of the economic and ecological benefits of organic coffee production, see Martinez-Torres

(2008); for a review of research on the ecological benefits of the shade agroecosystem, see Méndez (2008)). Fair trade's support of small-scale producers increases the odds that farmers using the shade system can survive.

The second type of case study interviews producers in an attempt to determine how they perceive their experiences with fair trade. While fair trade does appear to deliver some substantial non-income benefits to cooperatives and their members, it is possible that producers do not perceive these gains to the same degree that they are seen by outside researchers. In the late 1990s, when fair trade was still in its ATO phase, one of the authors interviewed the producers and leaders of three cooperatives in Chiapas to determine how they perceived their role in fair trade. For most of those interviewed, fair trade was perceived as crucial to their survival on the land. In the context of the ongoing coffee crisis at the time, the most frequently mentioned benefit of fair trade was the stabilizing impact of the minimum price, which members of the cooperatives viewed as a crucial bulwark against losing their land. According to one member, 'the idea behind our organization is not to become big capitalists and to always be making more money. Rather, it is to ensure that our members can always eat, clothe their families, and work their own land, so that they don't have to go back to work on the *fincas* or move to the city.'[1] However, it was not only the price support that protected producers against a sudden downturn in the coffee market. Two of the three cooperatives studied had programs to encourage the cultivation of food crops rather than having farmers put all of their lands into coffee production.[2] At Majomut, an average of 40 percent of members' land is devoted to coffee, while nearly 60 percent is planted with either corn or a polycrop of corn and beans. Furthermore, 95 percent of corn and 74 percent of beans are dedicated to household consumption (Martinez-Quezada 1994, 117). As a result of this continuing dedication to subsistence production, food needs represent only a very small portion of household cash outlays. In a survey of 25 members of Majomut, only 14 reported that they spent any income at all on food needs, and among these, only 6 percent of their money went to food (Martinez-Quezada 1994, 117). 'It is very important to the cooperative that the members can feed themselves and their children from their own land,' one member of the *Indigenes de la Sierra Madre de Motozintla* (ISMAM) cooperative's *directiva* commented. 'We have lived and worked, many of us, on the *fincas*, and know about dependence on the peso. We also experienced the consequences of this dependence when the price dropped in 1989. Our goal is to make sure that members are able to continue working their own land, and feeding themselves from food they cultivate themselves.'[3]

These sentiments and objectives have found much broader and politicized expression with the emergence of La Via Campesina—a global peasants' movement struggling for agrarian reform, secure land tenure, and food sovereignty. Opposed to the model of 'food security' put forward by the United Nations' Food and Agriculture Organization, food sovereignty stresses the need to move food production and consumption out of the hands of oligopolistic and monopolistic corporations. The market—which is the centerpiece of conversations around food security—is pushed to the backseat under a model of food sovereignty. Rather, 'every country and people is deemed to have the right to establish its own policies concerning its food and agriculture system' (Rosset 2008, 460). The focus within a food sovereignty framework shifts from production primarily for mass export to production for domestic consumption and food self-sufficiency, ensuring that adequate nutrition is available not only for those able to access it through the market but also for the urban poor and for food producers themselves.

There also appears to be important shared goals between at least some of the cooperative members and fair trade in terms of envisioning a broader transformative role above and beyond the bread-and-butter issue of providing a higher income for producers. According to a member of the Majomut technical team:

> I believe that in addressing the issue of poverty (through fair trade), people will have to start talking about power and about other political questions which are the roots of poverty. Majomut started with the economic objective of avoiding the abuse perpetrated by the coyotes in the region, trying only to bring together enough coffee so that we could negotiate a direct sale. [...] But with the new directiva, and a new vision arising in the countryside of Chiapas, our objectives have grown. The deeper you get into the game, the more you realize the variety of obstacles. It's not just economic, it is also political. Once one aspect is consolidated, another and another are revealed that need to be dealt with to bring about sustainable change.[4]

This is not to say that in the early ATO days there were no tensions between the goals of fair trade administrators and what was happening with producers on the ground. The most common divergences mentioned were in the areas of organic certification and gender inequality. The producers interviewed at both Majomut and ISMAM frequently expressed concern about the health implications of chemical pest controls: 'I had seen my children get sick too many times,' said one farmer on his plot near Polhó. 'I decided to get involved with the organic certification program because I did not want my children around the chemicals any more. It was not healthy.'[5] However, producers expressed frustration that while the social benefits of organic farming were widespread in terms of natural resource conservation and human health, the farmers were expected to lay out all of the costs in advance, as well as take on the additional labor involved in organic composting and pest control.[6] Despite the goal of greater gender equality in fair trade, when members and directivas of Majomut and ISMAM were asked about women's roles within the cooperative, responses varied from emphasizing the importance of women as harvest labor, to unqualified statements that the cooperative is 'puro hombres.'[7]

A decade after these interviews, Kathleen Sexsmith's (2008) case study of cooperatives in Mexico discovered some important difficulties with how producers experience fair trade. She did find that fair trade offers valuable improvements to the community in some areas like female literacy, access to credit, increased solidarity with other cooperatives, and brand recognition through the fair trade logo. However, while cooperative administrators usually had a solid understanding of the goals and benefits of fair trade beyond the price premium, producers had much less knowledge. She blamed this on the top-down decision making and lack of information flow between representatives of fair trade and the producers. This was reflected in the very limited producer understanding about just what fair trade means. Thirty eight percent of producers surveyed by Sexsmith responded that they did not know what 'fair trade' meant and, of these, 30 percent did not even recognize the term. Her findings are supported by Valkila and Nygren (2009), whose research revealed that the majority of fair trade coffee producers in their Nicaraguan case study had little knowledge about the movement. At most, they knew that their cooperative was selling to fair trade markets, but did not know the rights and responsibilities that went with it. Further, in Sexsmith's research, only a very small minority of producers could identify any fair trade goals beyond a higher price. Given the gender hierarchy in many producer communities it is not surprising, although it is still dismaying, that women have less knowledge than men about fair trade production standards and benefits. While 21 percent of men could not identify what was meant by fair trade, 71 percent of women could not do so (Sexsmith 2008, 69). What makes this gender difference especially alarming is that one of the principle non-income benefits touted by fair trade is its social programs targeted specifically at women in an effort to narrow the inequality between genders in many cooperatives.

The lack of understanding of the goals and principles of fair trade by producers on the ground has led to some problems in these cooperatives. Fair trade requires producers to meet some stringent production criteria and submit themselves to some fairly intrusive monitoring. If producers do not see the benefits that flow from these rules and intrusions, fair trade will inevitably be seen more as an unwanted imposition than the beneficial partnership envisioned by the early fair trade founders. In fact, members in one of the cooperatives in Sexsmith's study, Tzotzilotic Tzobolotic, started to refuse inspections of their coffee plots (Sexsmith 2008, 61). This problem was exacerbated by the lack of assistance in meeting production criteria that was provided to many producers, who complained that inspections carried out by FLO-CERT offered little in the way of training. At its best, instruction involved handing over a production manual to frustrated producers (Sexsmith 2008, 64). There is clearly a difference between the equalizing promises made by fair trade and the on-the-ground experience of many of the producers. Yet these problems should not be confused with the exploitative pressure of the conventional supply chain, personified at the local level by the *coyote*, but most powerfully exerted by the multinational roasting companies. The lack of knowledge about fair trade on the ground appears to be as much an issue of communication and process between fair trade representatives, cooperatives, and their members as it is an indicator of an absence of the non-income benefits that have been listed so far in this chapter.

A surprising number of studies have attempted the difficult accounting of determining the income gain that fair trade generates, which is our third type of case study. Measuring income gains is no easy task. Data collection and formal accounting can hardly be expected to be a top priority for marginal producers and their resource-strapped cooperatives, making income numbers difficult to come by. However, a few researchers have made the effort, albeit with varying degrees of success. At the dismissive end of the income benefits spectrum, economist Colleen Berndt concluded that fair trade is, at the very best, a band-aid solution after studying fair trade cooperatives in Costa Rica and Guatemala. However, this conclusion seems to be backed with little in the way of actual data from any of the cooperatives in these two countries. No income statistics are presented for any of the cooperatives, nor is there any actual study of the non-income benefits—from the use of the social premium to a discussion of democratic structures. Rather her conclusion is based on the fact that cooperatives can only sell a portion (ranging from 20 percent to 40 percent) of their coffee on the fair trade market and that this coffee only receives a price premium of three cents over the price paid for specialty coffees (Berndt 2007, 19). Even this, at best suggestive, evidence is misleading. The use of the higher specialty price as a yardsick, rather than the usual measure, which is the lower commodity price, is never actually justified. This is especially important since it is the conventional price that is the usual yardstick in other case studies (Bacon 2005, 505; Jaffee 2007, 104). Indeed, in the case studies that examine the actual coffee sales of cooperatives, the coffee that is not sold as fair trade is sold on the conventional market, not as specialty coffee (Milford 2004, 48; Parrish et al. 2005, 182; Ronchi 2002, 10). Therefore, much coffee currently sold under the fair trade label would, in the absence of that label, be sold as conventional, not as specialty. Choosing the higher price as a yardstick biases the results against fair trade by inflating the value of the non-fair trade alternative.

Two separate efforts were made to estimate the income gains of fair trade at the Majomut cooperative, which has had remarkable success in selling its coffee under the fair trade label, gradually increasing the fair trade percentage of total exports over several years. Income benefits from a single year should be treated with considerable caution since they are likely to swing dramatically from year to year depending on how much is exported, how much is sold as fair trade, and the world price in that particular harvest year. It is, therefore, difficult to generalize one year's income calculations to a longer trend. This is well illustrated in the very different estimates of the income benefits of fair trade at Majomut in the two studies. In the 2001–2002 crop year the cooperative exported 60 percent of its coffee under the fair trade label, a total of 741,000 lbs, for an average of 494 lbs for each of its approximately 1,500 member families. This yielded an estimated $150.00 income increase per family compared to the conventional market (Hudson and Hudson 2003, 428). However, a study cited in Taylor's report used data from the following year, in which Majomut exported an average of 1,500 lbs per member as fair trade, earning a much more substantial $1,150 above what they would have earned on the conventional market (Perezgrovas and Cervantes 2002, 18). This latter number overstates the fair trade benefit since the authors assume that all of the fair trade coffee is also sold as organic. Although fair trade has become very active in promoting organic production and helps producers get certified, it is not quite accurate to attribute the entire organic premium to the whole fair trade crop. Even allowing for the differing calculations of the premium, the vast range between these studies demonstrates the large disparity in year-to-year fair trade benefits. Yet, both studies agree that the additional and more stable income from fair trade allowed Majomut members to weather the coffee crisis while many producers dependent on the conventional market were forced to leave their farms.

In an examination of other cooperatives in Chiapas, Mexico, Anna Milford argues that the fair trade premium helps both cooperative members and other coffee producers in the region. Most of the limited hard data that exists in Milford's study focuses on members of the ISMAM co-op. She calculated that the price premium for selling fair trade coffee, as opposed to conventional, rose to around \$ 0.70/lb (1.26 vs 0.54) in 2001 when the study was conducted, but that this benefit was limited to 20 percent of the crop that was sold under the fair trade label (Milford 2004, 48). However, the premium was vital in permitting the cooperative to compete with non-cooperative buyers, while at the same time dedicating funds to social projects such as education and political programs. More broadly Milford finds that the presence of ISMAM forced up the prices offered by local purchasing intermediaries who had to compete with the cooperative, earning a higher income even for those who did not belong to the cooperative (Milford 2004, 63).

Another interesting study in Tanzania compares the relative merits of fair trade with TechnoServe, a business-oriented aid agency that emphasizes quality improvements and access to high-value niche markets. Fair trade did have a substantial impact on both the income and organizational capacity of the much studied Kilimanjaro Native Cooperative Union (KNCU). The 25 percent of the 2002–2003 crop that was sold as fair trade earned an additional \$ 607,000, increasing cooperative income by 38 percent. This income gain understates the impact of fair trade on the cooperative for several reasons. First, prior to its relationship with fair trade, KNCU did not export any of its coffee. It was the contacts and expertise gleaned from fair trade representatives that started cooperative exports, so all export revenue earned by the cooperative, even that not sold under the label, could be attributed to fair trade. While the income of the cooperative did increase substantially, only around 40 percent of this went to farmers. The rest was spent on expenses incurred by the cooperative, from administration to social projects, like a fridge to store medicine or new weighing scales. Its affiliation with fair trade also strengthened the cooperative.

It hired an export manager, and allocated the social development premium to a variety of democratically determined projects (Parrish et al. 2005, 182–183).

All of this sounds quite impressive, but TechnoServe achieved similar results. Farmers in the TechnoServe organization were paid an average of 41 percent more than the gate price received by other farmers because of the high quality of their beans. Because TechnoServe's goal is to increase income through superior quality beans, the specific benefit accruing to individual farmers depended crucially on the particular quality of their crop. The much more business-oriented nature of TechnoServe meant that the benefits accrued much more to the individual farmer than the organization. While they did use some of the price premium to purchase a central pulpery unit to improve their coffee quality, TechnoServe was not interested in pursuing broader social objectives (Parrish et al. 2005, 182–184). While both Technoserve and fair trade increase incomes and capacity, in the fair trade case this accrued more at the organizational level, strengthening the capacity of the cooperative and increasing funds to dedicate to democratically determined projects. Compared to TechnoServe, fair trade was less successful in improving specific farming skills, educating producers to improve quality and developing new agricultural techniques.

One of the more detailed case studies was undertaken by Loraine Ronchi, who looked at four of the nine cooperatives that made up Coocafé in Costa Rica. She found that between 1993 and 1998, 52 percent of coffee production was sold under the fair trade label. Over the entire decade of her study, the cooperative earned $ 1.3 million in fair trade revenue. Unfortunately, the author makes no attempt to contrast this figure with what could have been earned in the conventional market over this period. In a more detailed analysis of one cooperative, fair trade participants had 39 percent higher incomes than those that did not participate (Ronchi 2002, 10). At the organizational level the assets of the three cooperatives that had longstanding ties to fair trade increased by 225 percent between 1990 and 1998. In addition to these quantifiable benefits, Coocafé has set up a million-dollar credit fund; provided market information, technical assistance, and assistance to environmental programs; and funded education programs. Even more difficult to quantify, but no less important, is the increased confidence and sense of belonging to a meaningful movement that Ronchi attributes to being part of the fair trade cooperative network. Overall, 'involvement with fair trade in the early 1990s was almost indispensable to their survival' (Ronchi 2002, 17).

In a study based on 2003 fieldwork at two Nicaraguan cooperatives, Karla Utting-Chamorro makes an admirable attempt to examine the impact of the fair trade price. The producers surveyed all claimed that their connection with fair trade had resulted in improvements in their lives. She also claimed that the income of most small-scale producers had doubled since they entered the fair trade market, although data to support this claim are in short supply (Utting-Chamorro 2005, 591). It was certainly true that cooperatives involved in fair trade were much more likely to survive than those that were forced to rely on conventional trading. The strength of this study is Utting-Chamorro's attempt to trace the distribution of the fair trade revenue from the cooperative to the producer, which demonstrates why the fair trade price might only have a limited effect on family incomes. Of the $1.26/lb received by the cooperative, only around $0.62, about half, went to producer incomes (Utting-Chamorro 2005, 590). While this looks like little of the fair trade price trickles out of the cooperative, this particular example is most likely more pessimistic than would generally be the case. The cooperative studied had a large debt burden, inherited from its pre-fair trade existence, requiring debt payments that accounted for $0.31/lb, or almost one quarter of the fair trade price. The rest went to the cooperative social development fund, exporting costs and processing. Although the five-cent social development premium should produce $50,000 per year on fair trade exports of 1,000,000 pounds, Utting-Chamorro claims that this is a fairly insignificant amount, which has not permitted substantial community improvements. She concludes that there are 'few signs that fair trade has enabled small farmers to improve their standard of living considerably,' although there have been significant capacity-building activities (Utting-Chamorro 2005, 596).

Finally, in an admirable effort to quantify the income benefits accruing to fair trade producers, Sexsmith has surveyed seven families to create a remarkably detailed list of their income and expenditure in one year. She concludes, 'The evidence from these seven La Selva families suggests that involvement in fair trade is not sufficient to ensure positive, sustainable earnings from coffee production' (Sexsmith 2008, 96). While this conclusion depends on how you define 'positive, sustainable earnings' in that six of the seven families do earn positive income on coffee production, but that when family labor is counted as a cost at the local wage rate only four of the families earn a positive income, there is no question the fair trade premium is not sufficient to move producers out of poverty. In contrast to many of the studies in this section, Sexsmith demonstrates an admirable commitment to quantification and attention to the details of producer income and expenses. However, the very small sample size makes it unwise to generalize the experience of these families even to the broader cooperative, let alone the bigger world of fair trade.

Another study, surveying 228 farmers in Northern Nicaragua, also claims that fair trade improves the lot of Third World producers, but the impact is modest. Using price data collected from the farmer surveys, Christopher Bacon (2005, 504) finds no significant positive relationship between altitude (a proxy for quality) and price, but does find that belonging to either organic or fair trade certification schemes increases the farm gate price to producers. Although the cooperative could only sell about 40 percent of its coffee at the fair trade premium, the farmers surveyed received an average of $0.56/lb for their crop, which was sold to fair trade, organic, and conventional buyers. They would have received only $0.40 selling to local middlemen using the conventional market, a 40 percent increase in income (Bacon 2005, 505). Unfortunately, Bacon estimates that production costs ranged from $0.49 to $0.79 for farmers in Northern Nicaragua, so even those involved with fair trade may have been losing money. Despite this significant income improvement, and survey responses that indicate producers involved with fair trade were four times less likely to perceive a risk of losing their land due to the coffee crisis, Bacon concludes that while fair trade does improve the lot of the coffee farmer, it was 'not sufficient to offset the many other conditions' that made up the hardscrabble life of the producer during the crisis. His conclusion was reinforced by a follow-up study which looked at the impact of fair trade on progress toward several of the United Nations' Millennium Development Goals among Nicaraguan farmers. While finding that education, environmental sustainability, and international partnerships for development were improved by fair trade, Bacon et al. (2008, 264) also find that the income benefits of participation in the specialty coffee market through fair trade were very modest, with coffee sales contributing an average of $0.38 per person per day to household income after production costs.

By far, the most comprehensive attempt to quantify the benefits of fair trade on specific communities is Daniel Jaffee's book *Brewing Justice*, which is an admirably detailed examination of the impact of fair trade on producers in the Rincon de Ixtlan region of Oaxaca, Mexico. The coffee crisis hit this region particularly hard. In a region where emigration was almost non-existent before the crisis, one-third of the population left when the price of coffee plummeted in the 1990s. In this depressing context, Jaffee contrasts producers who work within Michiza, an organic, fair trade, cooperative, with those who produce for the conventional market. He found that gross income from coffee sales was 5,431 pesos per person for fair trade producers and 1,428 pesos per person for those selling in the conventional market (Jaffee 2007, 104). When all sources of income (like government assistance, wage, labor income, and remittances) were taken into account, fair trade producers earned more than double their conventional counterparts (16,842 pesos per person to 7,224). While this would appear to bode very well for those who support fair trade and organic production, when expenses were taken into account, the picture for fair trade producers was only slightly less bleak than for those using the conventional market. The reason for this is that the organic farming methods that accompany fair trade require a great deal more labor, from both the household and hired workers. This problem was exacerbated by the dramatic wage increase for laborers in the region due to the high levels of out migration and the increase in the demand for labor from the switch to organic production methods. In the final accounting, overall net income was negative for both fair trade and conventional producers, but fair trade producers lost about 700 pesos (equivalent to about $66 at the 2003 exchange rate) a year less (Jaffee 2007, 105).

This fairly depressing accounting does not provide a complete picture of the impact of fair trade. Fair trade producers were able to access credit at lower interest rates and were less indebted. Their children received more education, and their houses had more amenities, from tiled floors to actual beds. Fair trade producers were more food secure (although this is very relative), drinking more milk and eating more beef and cheese (Jaffee 2007, 175). Further, the wage costs that drove down the net income of fair trade producers engaged in organic production were a benefit to the entire community as the fair trade, organic premium did not only stay with the original producer, but was transferred in part to their labor force. Finally, the small-scale, shade-grown, organic production methods had important ecological benefits over the large-scale, sun-grown system or even other agricultural commodities such as cattle or drugs (Jaffee 2007, 135).

The non-income benefits of fair trade look very substantial. However, with the exception of the environmental changes from organic production, it is possible that these benefits cannot be directly attributable to the influence of fair trade. The drawback of Jaffee's technique (and many of the others in this section) of comparing producers engaged in conventional and fair trade at a particular moment in time is that it is possible that prior conditions influence the results. If higher income, more organized producers are more likely to join the fair trade network in the first place, then one would expect them to have slightly more amenities even in the absence of the benefits of fair trade. Jaffee's method makes it impossible to disentangle the effects of fair trade from the predisposition for better-organized families to join the fair trade network.

The usual claim for fair trade is that the increased income keeps producers from abandoning their farms. This is especially important in regions where there are important community obligations that are shared between households, as is the case in Rincon de Ixtlan. Out migration means that these collective burdens are placed on fewer and fewer shoulders, increasing the load on those few who remain. Jaffee's research shows that the migration issue is complex. Interestingly, fair trade families had two times as many members living outside the community as conventional producers and two times as many in the United States. As a result, fair trade families received an average of $250 more per year in remittances (Jaffee 2007, 189). However, the heads of households of fair trade families were far less likely to leave than conventional families. Further, much of fair trade family migration was for educational purposes, which can actually cost the family money. So the claim that fair trade keeps people on the land is not quite correct. It might be more accurate to say that fair trade keeps the heads of families on the land, while allowing their children to leave.

Jaffee's painstakingly researched conclusion is that 'fair trade clearly makes a tangible difference in the producer livelihoods' (2007, 198). Yet, it is not sufficient to transform the lives of those devastated by the coffee crisis, or even convince many other farmers in the region to seek fair trade certification. Fridell (2007a) suggests that these modest income gains should not come as a surprise. He correctly points out that the fair trade price floor of $1.26 (raised since Fridell's study to $1.40) is not particularly high from a historical standpoint. It is certainly true that producers were paid much more handsomely in what were for Fridell the halcyon days of the ICA. In 1986, Brazilian arabicas were fetching $3.03/lb. Fridell argues that even if producers received only a fraction of this price at the farm gate, it was still likely higher than the current fair trade premium.

All of these studies considered in combination suggest some tentative conclusions. First, fair trade makes a difference, especially when it comes to non-income benefits, from increased social amenities to a stronger sense of community and democratic control. Second, fair trade has yet to make a very big difference. Fair trade has staked its reputation on improving the income of coffee producers. This is certainly the core message in its marketing in the North and yet the gains from fair trade, though certainly important, have been relatively modest. Further, the structure of the fair trade organization limits information flows to the fair trade producers, who often do not really understand what it means to be participating in fair trade and do not have a strong-enough institutional voice in decisions about fair trade. This is, at the very least, an awkward finding for supporters of fair trade, especially since many of the studies have been conducted on cooperatives that would be expected to fare considerably better than the fair trade average. Cooperatives that are most frequently studied, like Majomut and UCIRI are some of the most successful and so should be taken in many respects as a best case scenario.

While case studies, at their best, can illuminate the detail necessary to evaluate fair trade's impacts on specific cooperatives or communities, they lack a broader perspective. This becomes critically important if there are more general issues that impact producer benefits from fair trade. Although broader studies of the structure of fair trade are not as common as case studies, they have revealed some important issues.

Value chain analysis

Value Chain Analysis (VCA) shows how the final price is distributed between different participants in the production and exchange processes. This provides an important look at how income is divided in the industry as a whole rather than stopping the analysis at the door of the cooperative. In their excellent analysis of the coffee industry, Daviron and Ponte (2005) trace how much of the final retail price goes to each of the actors responsible for bringing the coffee from the tree to the consumer's table, using the specific example of coffee produced in Tanzania and consumed in the United States. They find that for coffee sold in retail specialty shops for $12/lb, only $0.49 (4.1 percent) is paid to the farmer. The roaster earns $8.57 (71.4 percent) and the retailer makes $2.40 (20 percent). The percentage breakdown for supermarket coffee is identical, but since its final retail price is lower ($8.14/lb) the farmer sees even less in absolute terms. For coffee sold in cafes, this ratio is even less favorable to producing nations. Although the farmer earns the exact same $0.49, this represents only 1 percent of the final price. The retailer takes home the lion's share of this income with 80.8 percent of the final price, while the roaster earns 16.9 percent. According to Daviron and Ponte, of the $12.65/lb final retail price of fair trade coffee at a special shop, the Tanzanian cooperative received $1.45 (11 percent). They find that the fair trade premium compares favorably to other forms of sustainable coffee, such as organic, which paid $0.62 (4.9 percent) at the farm gate (Daviron and Ponte 2005, 215–218). In line with Daviron and Ponte, Margaret Levi and April Linton (2003, 411) argue that it is the roaster-distributors that have the largest value added in the coffee commodity chain, making almost three to five dollars a pound compared to the 20 to 40 cents a pound earned by the small-scale producer or even the 70 cents a pound of the large landowner. The fair trade price premium permits a much larger percentage of the final price to remain at the farm gate. Sexsmith conducted a value chain analysis for fair trade sales between the La Selva cooperative in Mexico and Royal Blue Organic coffee sold in stores in the bohemian enclave, that is Eugene, Oregon. Her findings are roughly similar to those of Daviron and Ponte. The La Selva cooperative and its members received 14 percent of the final $7.31/lb price, which amounts to $1.28/lb (Sexsmith 2008, 55).

There are two important points that should be made about these comparative numbers. First, fair trade returns considerably more to producer communities than specialty coffees. This is important because, as we shall see later in the book, production of high-value specialty coffee (at $12/lb this is clearly what Daviron and Ponte are studying) is frequently advocated as a superior alternative to fair trade as a solution to low-producer incomes. What Daviron and Ponte have usefully pointed out is that while growing high-quality specialty beans may increase incomes compared to mass market coffee, it is not as lucrative for producers as fair trade. Second, it shows how the benefits of fair trade are understated in the case studies that use the specialty coffee market rather than the supermarket price as the comparison point. As mentioned previously, this is likely to overstate the income available from the non-fair trade alternative since not all producers can grow specialty beans and non-fair trade beans are usually sold in the mass market.

While these fair trade numbers seem impressive, it is worth noting that in between 1971 and 1980, farmers in the conventional market received a much more substantial 20 percent of the final retail price (Talbot 1997, 65). While the fair trade value chain certainly shows a distributive improvement compared to the conventional chain as far as the producer is concerned, in fair trade channels it is still the retailer and importer that receive the lion's share of the value added. Sexsmith goes the important extra step of comparing the surplus earned by the La Selva cooperative and the Royal Blue coffee company. She estimates that in 2007, La Selva earned a before-tax income on coffee production of 5 percent, while Royal Blue earned an annual rate of return of around 20 percent (Sexsmith 2008, 56). Further, Daviron and Ponte may be quite positive about the income benefits of fair trade compared to other coffee labeling schemes, but they argue that all of these initiatives suffer from a very limited reach, and will therefore, only be able to benefit a small minority of producers in the developing world. They also correctly point out that the fairly strict organizational requirements for cooperatives to participate in fair trade exclude the most marginalized and poorly organized producers.

It is also possible that fair trade's current policy of giving retail outlets a free hand with pricing policy could reduce benefits to the producers. As part of its effort to encourage retailers and roasters to sign on to fair trade, the FLO makes no attempt to influence the end price of fair trade coffee. The result has been that fair trade coffee has been almost universally placed in high-end niche markets as firms try to recoup the higher input costs. There are two impacts of fair trade's pricing policy. The price floor and premium increases the income to the producer for every unit sold (although this would translate into a higher percentage of the value chain if it were sold at a lower final price). However, the higher retail price of fair trade coffee reduces the amount of certified coffee that is sold in the North, reducing the benefits of the price premium for producers (Kilian et al. 2005, 16).

While value chain analysis is useful in examining where the income is made at different stages of the production process, it is less useful in determining exactly how well producers are doing. For example, it often fails to include cost data, so profits are rarely calculated. This is important in determining the difference in income between conventional and fair trade production, since both Sexsmith and Jaffee find that fair trade production, especially when it is coupled with organic as is increasingly the case, is more expensive. The value chain also cannot account for the quantities that can be sold. So, while the producer is certainly better off with fair trade compared to the conventional market per unit sold, value chain analysis cannot indicate how much of the farmers' harvest ends up in the fair trade or conventional market. A recurring theme in the case studies is the inability of certified producers to sell their entire crop under the fair trade label due to a lack of demand. The difference between the fair trade and conventional value chains does indicate the potential benefits of fair trade, but these benefits will only be realized if producers can actually sell their beans for the fair trade premium, which is not always the case.

Theoretical models

Mark Leclair makes a very different argument about the efficiency of fair trade's goal of redistributing income from North to South. He concludes that fair trade's 'continued expansion will . . . result in rising living standards for at least a segment of the population of the developing world' (Leclair 2002, 957). However, in what amounts to a reversal of the common 'trade not aid' refrain, Leclair argues that fair trade costs more than direct aid. The fair trade benefit to producers is the increased price and quantity that can be sold in Northern markets but producers must bear a cost to produce this extra quantity. The greater the expansion of supply in response to the price increase, the greater this additional cost (Leclair 2002, 955). There are reasons to believe that in the case of coffee, these additional costs might be fairly small. Almost all fair trade coffee is simply switched from conventional markets to fair trade, which has no additional production cost except the (admittedly not insignificant) costs of meeting the fair trade certification. However, his point is nonetheless valid. If fair trade coffee sells for \$12/lb and conventional, non-specialty coffee sells for \$4.00, then consumers could purchase the conventional coffee and have \$8.00 to donate to small-scale Southern producers. Purchasing the fair trade coffee only pays producer cooperatives \$1.40 and they have to incur some extra costs to get this benefit. In both cases consumers receive their morning cup of coffee, but the aid mechanism contributes substantially more to increasing the incomes of those in the developing world.

There is no arguing with the mathematics behind Leclair's argument. However, it shows a fairly limited understanding of exactly what fair trade is attempting to do. Fair trade is not only attempting to increase the incomes of the poor, which could potentially be achieved through charity, but also to change the way in which coffee and an increasing range of other commodities are produced. FLO-certified fair trade coffee is shade-grown by small-scale producers organized into democratic cooperatives, which is in stark contrast to sun-grown, large-scale, capitalist forms of production. Leclair's charity solution would continue the latter form of production and then hope that consumers in the North would compensate the producers in the South for their abysmal production conditions through charitable donations. Even if Northern consumers were willing to donate the difference between the price of conventional coffee and fair trade to a suitable charity (which is far from guaranteed) the conditions of production in the industry itself would remain unchanged.

Two German economists, Torsten Steinrücken and Sebastian Jaenichen take up Leclair's modeling method. Like Leclair, they problematically assume that the fair trade premium and charity are substitutes. Unsurprisingly, like Leclair they also find that fair trade is a more inefficient way to transfer funds to producers. Both fair trade and charities have administration, marketing, and staff costs, but fair trade also has the costs of inspection, certification, and production, making it a more costly transfer mechanism. Comparing just the administrative costs, the authors found that one fair trade organization, Max Havelaar, spent 34 percent of their income on administration while the German charity, *Brot Fur die Welt*, spent 22 percent (Steinrücken and Jaenichen 2007, 209). Unlike Leclair, however, the authors argue that despite these higher costs fair trade provides an incentive to support better living conditions. This finding is not the result of painstaking empirical research, but rather the logical result of a theoretical model in which producers can choose between the fair trade and conventional markets—when fair trade production is more costly, but commands a price premium. If producers were able to sell all of their harvest under the fair trade label, the fair trade premium would more than compensate for the increased costs of fair trade, creating the incentive to produce for the fair trade market. However, only a proportion of the harvest can actually be sold at the higher premium, even though all of it must be produced at the higher fair trade cost. It is worth noting here that these assumptions nicely capture many of the actual elements of the fair trade market, which encourages more expensive shade-grown, organic production, and produces a large surplus that must be sold on the conventional market. As long as the percentage of the harvest that can be sold in the fair trade market is large enough to generate increased incomes compared to conventional production, producers will have an incentive to switch from conventional to fair trade production. This movement into fair trade production will decrease the proportion of production intended for the fair trade market that can be sold under the fair trade label (Steinrücken and Jaenichen 2007, 209). This theory has two implications. The first is that only a limited number of producers will be able to benefit from fair trade as entry will need to be limited. The second is that the greater the gap between the fair trade price and the world price, the lower the percentage of the harvest that needs to be sold as fair trade to induce producers to switch to fair trade production methods. Although this is probably cold comfort to the Southern producers, it does represent 'a possible source of excess utility for the (well-informed) consumer of fair trade products' (Steinrücken and Jaenichen 2007, 214). Overall, while fair trade may not be the most efficient redistribution mechanism, it does 'seem to work' (Steinrücken and Jaenichen 2007, 216).

Conclusion

At one time keeping up with the fair trade literature was an easy task. While it remained a fairly small social movement, few academics found it important enough to warrant proper scholarly investigation. That has certainly changed over the last several years and the academic fair trade landscape is becoming increasingly populated. Drawing on the burgeoning empirical work of fair trade researchers, this chapter attempts to draw some conclusions about whether fair trade is living up to its promise of improving the lives of developing country coffee producers. In a welcome and remarkable departure from much academic work in the social sciences, where uncertainty reigns supreme, a consensus seems to emerge from the case studies, despite their varying rigor and methods.

While value chain analysis cannot directly determine how much producers benefit from fair trade, it does suggest that producers who are able to sell their products under the fair trade label are better off than they would be in other markets, even in the highly touted specialty market. However, these gains are fairly modest and they are further moderated by the very high retail price charged by retailers in the North, which limits the quantity of fair trade demanded.

While fair trade does generate substantial non-income benefits, from improved environmental conditions to a greater sense of cultural identity and autonomy, and it does provide a modest income increase, it does not appear to generate sufficient revenue to lift producers out of poverty. Further, the potential benefits of increasing information flows to the producer seem to be limited by fair trade's organizational structure that only deals with the producer indirectly through the cooperative. Ideally, there should be no separation between these two. The cooperative should be the producers. Cooperative management should be undertaken not by a small subset of producers but by all as elected representatives and as voting associates of the cooperative. However, that ideal is far from universally realized. Finally, fair trade's decision-making bodies only allow for very limited representation from producers, constraining producers' ability to express their interests and change fair trade rules to increase their benefits. In 2012, 4 of 14 members on the FLO board were drawn from producer organizations. Of the 23 member organizations in the FLO General Assembly only 3 represent producers. However, representation at the assemblies is split 50–50 between producers and labeling initiatives. No members of the board of Fairtrade Canada are drawn from producers and two producer representatives sit on the board of FTUSA.

The more theoretical evaluations of fair trade reveal that the inability of fair trade producers to sell all of their harvest under the fair trade label is something of a structural problem. If fair trade is successful in raising the income of producers above what they could earn in the conventional market, it will create an incentive for other producers to join fair trade. Unless fair trade can continuously expand at a sufficient rate to match the increased supply, then either existing producers will sell a smaller percentage of their harvest at the fair trade premium or some institutional mechanism must be set up to limit new entrants into the fair trade market.

The real debate is whether the limited benefits of coffee—fair trade's flagship product—warrant abandoning the enterprise (or shifting to a new strategy to attain the goals of the fair trade movement). As it currently stands, fair trade can claim modest success for a small percentage of producers in a small number of products. Within the coffee sector, there are about 25 million coffee farmers worldwide (FLO International 2009d), and somewhere around 532,000 of them (2 percent) sell some of their harvest under fair trade terms (FLO International 2011, 24). This is not to diminish or downplay the real gains that have been made by fair trade but even its supporters must acknowledge that the gains thus far have been limited. Fair trade advocates argue that the only reason that the benefits of fair trade are limited is that the demand for fair trade is limited. If consumers could be made to see the harm being done by their conventional coffee purchases and switch to the more beneficial fair trade alternative, and if fair trade products could become less costly and more convenient for large roasters to source, the benefits to producers would increase dramatically. It is this proposition that is the central focus of this book. Is it possible to expand the scope of fair trade in a capitalist, commodity economy and maintain the positive role fair trade has so far been able to play for a limited number of producers? Is this a project that can, or even should, be expanded? To get a better grasp on the worth of fair trade, and its potential expansion, we have to look at its effects not just on livelihoods, but on politics and the potential for democratization and social change.

The results of existing research have some important implications for the theoretical approaches to evaluating fair trade outlined in Chapter 1.

Most obviously, while fair trade can act as a partial antidote to unequal exchange between the North and the South, lending some support to the Polanyian approach that positions fair trade as an ameliorative tool, or to neoclassical approaches that suggest it enables greater market opportunities to small farmers, it is unlikely to act as a complete cure. Less obviously, the divergence between the claims made by fair trade about pulling producers out of poverty and the reality of their limited income gains works against fair trade's ability to counter the fetish of commodities. Recall that commodity fetishism is the tendency to focus on the end product, the commodity, and how it exchanges with other commodities rather than on the process of production and the social relations behind the commodity. If fair trade is to counter this tendency by exposing production conditions it must represent its alternative production practices accurately, not misrepresent them by overselling its benefits, even if it is with the very best of intentions. The lack of clarity behind the fair trade label is an issue to which we will return in Chapter 5.

4
Free Riding and the Fairness Frame

It is Christmas 2008. Despite the economic turmoil of falling stock markets and rising unemployment, people are busy trying to purchase gifts for those they care about or for whom they are obligated to buy. In a slight contrast to the annual tradition of expressing affection in well-wrapped commodity form, TransFair USA entreats Christmas shoppers who stop by their web site to 'Give gifts of fairness for the holidays.' It is obviously not actual fairness (however that is defined) that is being given by gift donations of $25 for a coffee shade tree, but TransFair USA's holiday offering does highlight some interesting questions about fair trade.

First, why would anyone prefer the gift of a shade tree in some far off land to a gift they could actually use? Would not most people prefer a video game that they can play or a lovely set of stemware with which to impress guests at the next dinner party? This speaks to the general issue facing fair trade—the question of why people should or would take any factor other than their own self-interest into account when making a purchasing decision. Interestingly, as we will see in this chapter, this is a problem even if people actually care about 'other factors.' So, fair trade faces two hurdles. It has to convince people to actually care about the environmental and social conditions under which their goods are produced. This means fostering a sense of economic justice and ecological concern. However, should fair trade succeed in clearing this high bar by convincing people that an improved environment and less poverty would be good things, it is possible that they will still not contribute to the cause by purchasing fair trade—or in any other manner for that matter. Indeed, many economists would argue that people are unlikely to contribute to these kinds of public goods even if they would benefit from doing so. One of the major hurdles facing fair trade, or any other social movement for that matter, is how to get people to rally for some common cause.

All social movements attempt to get people to not only see but actually act, beyond their own narrow self-interest by convincing them that their action is crucial to create a desirable, meaningful change. In order to do this, social movements will frame the issue that they are trying to address in particular ways. TransFair USA chose to package its holiday offerings under the theme of fairness. It could have just as easily framed the Christmas gift in terms of charity or saving the environment. This deliberate choice reflects how fair trade wants people to see the problem of conventional trade and its proposed solution in the hope that this will inspire both understanding and action. This chapter will explore the costs and benefits of the different themes that fair trade has used to communicate its issue in order to successfully gain a foothold in public consciousness.

Fair trade, public goods and free riding

Fair trade labeling is an attempt to convince consumers to pay for specific production criteria. While these criteria are, in practice, remarkably specific, from insisting on transparent accounting practices to not relying on wage labor, in a broader sense, consumers are paying for goods that alleviate poverty and protect the environment. Both of these are non-rival (meaning that my enjoyment of the good doesn't take away from anybody else's capacity to do so by reducing it in some way) and non-excludable (meaning that once the good is provided, I can't stop somebody else from enjoying it) and, therefore, have important public good attributes. Categorizing the conservation of a healthy and functional environment as a public good is uncontroversial, but the claim that the reduction of poverty is non-rival and non-excludable may require a brief explanation. The most obvious benefits of poverty alleviation do, of course, fall to those who no longer have to eke out a forlorn existence on the margins of society. However, there are a number of elements of reducing poverty that benefit society as a whole and can be classified as a classically defined public good. First, writers as diverse as Milton Friedman (1962, 191) and David Hume (2006 [1751], 10) have pointed out that, as long as individuals feel any sense of compassion or 'fellow-feeling' for those in need, alleviating the misery of others will make them better off. In addition to the societal benefits of not having to step over the homeless or see pictures of starving children around the world, poverty alleviation, even half a world away, should reduce a few social problems. For example, maintaining the incomes of coffee producers would quite possibly prevent farmers from switching to coca production, a crop which at least from a current US policy perspective is seen as socially undesirable. It would also reduce the incentive to migrate both to larger urban centers within the developing world and into the developed world. Without getting into the debate about the extent to which the affluent world has a right to protect its relatively well-fed citizens from increased labour market competition deriving from immigration, it is unquestionably true that given the current developed-world policy response to increased migration of gigantic fence building and stepped-up border patrols, slowing the migratory outflow from the South would reduce some societal costs in the North. These are just two examples of the possible public good elements of poverty reduction through fair trade. All of these benefits are both non-rival and non-excludable since regardless of who pays for the poverty alleviation the benefits are felt by all. The nature of the good being offered by fair trade creates a very interesting case in which a private good, the coffee itself, is being bundled with public goods. Fair trade is thus a voluntary, private solution to a problem that has important public good elements.

In contrast to state provision of public goods, a voluntary payment avoids the thorny issue of cross-subsidization. State provision, funded by taxation, forces everyone to pay for the public good regardless of the individual's preference for it. So, someone with a strong fondness for asphalt and smoggy skies could be asked to pay for parks and clean air. The benefit of voluntary, market transactions is that people are never forced to pay for goods and services that they do not want. In this sense, ethical labeling accords well with the beneficiary pays principle—that those who benefit most from the provision of a public good should be the ones to pay for it. On the other hand, it also gives rise to the free-rider problem.

The free-rider problem stems theoretically from the assumption of the self-interested, maximizing individual. If people are solely interested in maximizing their own personal benefits it is irrational to pay for a non-rival, non-excludable good, since they will be able to enjoy it whether they pay for it or not (Samuelson, 1954). To the extent that people will rely on others to spend the extra money on fair trade while resting comfortably in the knowledge that poverty is being reduced and biodiversity maintained, fairly traded commodities will be underconsumed (and poverty alleviation and ecological preservation 'underproduced'). In less abstract terms, producers of commodities in the South will continue to labor long and hard with little or nothing in terms of income to show for it, and as a result, they will continue to suffer the kinds of immiseration—long and dull, punctuated by periodic acute crises and horrors—that characterize the lives of the poor. All the while, other people who might actually benefit from the reduction of that poverty in a variety of ways, stymie themselves collectively by sitting around waiting for others to act, not wanting to be the dupe who puts in all the effort, while others share in the reward. Further, to the extent that it is consumed, the burden of ensuring these public goods falls on the socially conscious, letting the selfish and uncaring off the hook.

As ethical labeling has increased in prominence, social scientists have started to study the extent to which bundling public amenities in private goods will provide a solution to the problem of free riding. This literature can be divided into two groups, those that employ theoretical models and those that attempt to quantify people's willingness to contribute to specific public goods.

The theoretical modeling genre draws upon different models to achieve conflicting conclusions about the efficiency of private goods–public amenities bundling. Geoffrey Heal (2003, 560) develops a model in which a monopolist firm sells a private good (game ranching) that contributes to a public good (biodiversity). His model reaches the conclusion that the public good provided in this manner will be 'sufficient to ensure conservation.' However, this optimistic conclusion rests on several assumptions that might make it difficult to apply to the fair trade context. First, there is no competition between firms providing the private good. Second, the monopolist can charge consumers their full willingness to pay (in economic terminology, perfect price discrimination). Neither of these features is applicable to fair trade in which different brands and labels compete for consumer attention and coffee companies cannot perfectly differentiate between their consumers.[1]

On the other hand, Bagnoli and Watts' (2003) model allows for the more realistic assumption of competition in the industry. Even though consumers are willing to pay for the privilege of 'doing their bit' to provide the public good, Bagnoli and Watts conclude that with a few rare exceptions, too little of the public good will be provided. Further, with more competition and easier entry into the industry, less of the public good will be provided. It is also worth noting that in both of these models, consumers' value of, and willingness to pay for, the public good is a necessary (although not sufficient) condition for the efficient provision of the public good. Yet, even this necessary condition cannot be taken for granted in the real world. It is exactly the effort to convince consumers to value production criteria that is one of the largest hurdles for fair trade.[2]

Other studies have made attempts to quantify how much consumers would be willing to pay for private goods that contained public good attributes. One survey (Menges et al. 2005) attempted to determine whether German shoppers strolling a local mall would be willing to pay more for electricity generated from renewable sources.[3] In general, Germans exhibited a willingness to pay more for renewable energy (but not very much if it was nuclear), although the authors stress that this is unlikely to be done at an optimal level and that private contributions should not be seen as a perfect substitution for public policy.[4]

Another empirical study conducted a survey asking participants how much they would pay for pork products that were produced in an animal-friendly, antibiotic-free, or environmentally benign manner. The authors found that, on aggregate, people would be willing to pay more for every one of these public good attributes (although it is important to stress the hypothetical nature of spending the consumers are doing in this study). However, not all those surveyed were equally willing to pay. Using survey questions, the authors grouped subjects into those who were, or were not, altruistic, as measured by responses to survey prompts like 'I enjoy contributing to charities and other non profit organizations,' and those who were, or were not, free riders, as measured by prompts along the lines of 'I am comfortable receiving benefits even if I don't contribute.' Unsurprisingly, the authors found that those with high altruism and low free-riding scores were much more willing to pay for public good attributes (Lusk et al. 2007). The ability of some noble sentiment, like conscience or altruism, to overcome the free-riding problem has support in other studies. One study of donations to a rural health-care facility found, unsurprisingly, that being altruistic (defined as those who had high levels of charitable giving in the past) positively influences the decision to give, although it did not impact the amount of the donation (Smith et al. 1995).

In an attempt to measure consumers' willingness to pay for decent working conditions in a 'real-world' setting, a group of sociologists carried out a set of experiments in which they placed similar-looking sets of athletic socks on the shelves of a department store in a working-class neighborhood. Consumers were presented with the option of socks with or without a label proclaiming 'Good Working Conditions' (GWC) and a sign explaining that the 'GWC' label meant no child labor, no sweatshops, and safe workplaces. In order to gauge willingness to pay, the researchers ratcheted up the cost of the 'Good Working Conditions' socks over a period of several months. They found that about 30 percent of consumers were willing to pay a premium up to 40 percent (Prasad et al. 2004; Kimeldorf et al. 2006).[5] With increased attention to raising consumers' awareness about labels, the potential for certification schemes to boost income levels in the developing world is, therefore, almost as high as survey data would suggest.

One final study worth mentioning attempted to use the case of dolphin-free tuna to quantify people's willingness to pay for a specific public attribute (live dolphins) of a private good.[6] The authors compare the sales of tuna with a dolphin-free label (there is almost no tuna sold without the label, which if truth in advertising held would actually be labeled 'dolphin lite') to other, equally delicious meat substitutes and find that sales of dolphin-free tuna were 1 percent higher than they would have been without the label, demonstrating that consumers do respond to public good attributes despite the incentive to free ride (Teisl et al. 2002).

There are several important conclusions that can be drawn from these studies. First, people do not completely succumb to the desire to free ride. In all of the studies, people were willing to pay more for goods with public good attributes. However, most studies also conclude that the bundled public good will remain underprovided, so free riding does still happen. Second, some people are more willing to contribute. This may seem an obvious point but it raises important issues of distributional fairness. Though it may help us recognize how the theoretical free-rider problem is not a devastating obstacle to public goods provision, a solution to free riding that lets those who are selfish or free riders escape contributing to the public good by relying on their more cooperative neighbors does not actually solve the free-rider problem.

Most crucially, these studies simply take the propensity to be either socially conscious or to free ride as a given; some people have a preference for free riding while others do not. The existence of a social conscience is, in these models, an 'x factor' whose variability is unexamined. However, this approach misses the main struggle in socially conscious consumer movements. The x-factor's variability within a single cultural context begs the question as to why some people are more socially conscious than others, or why people are more cooperative in some contexts than others.

If we take social awareness and cooperation as laudable attributes, then actions that increase their depth and extent should be pursued. It could be argued that this is one of the most important roles of a movement like fair trade. Joseph Eisenhauer argues that a preference for ethical behavior, or a conscience, can explain the relatively low levels of free riding that are often observed in the real world. Using tax data from Moldova, he finds that given the likelihood of detection and the consequences of punishment, the level of compliance should be much lower than it actually is. The logical way to explain this is that people have a preference for ethical behavior, or a conscience, that reduces their propensity to free ride. He acknowledges that conscience is not some exogenous factor, but something that can be actively influenced and concludes by saying that developing a greater sense of community could reduce tax evasion as much as greater penalties (Eisenhauer 2006, 542).

It is here that a class-based, cultural analysis lends insight into the phenomenon of free riding. Rather than accepting the phenomenon of free riding as a product of some innate human nature, or as something that is inexplicable (as captured in the old saying 'there's no accounting for taste'), a comprehensive analysis must go beyond whether people free ride, and the extent to which they do, to ask the question 'why?' There is no *a priori* reason people might refuse to contribute to the provision of a public good. These phenomena, just as their opposites, need explanation. We can and ought to account for taste.[7] Gramsci provides a good starting point for doing so.

In his discussion of voting, Gramsci argues that votes are nothing more than a measure of the influence of particular individuals and groups in the formation of ideas. When the votes are tallied,

> what is measured is precisely the effectiveness, and the expansive and persuasive capacity, of the opinions of a few individuals, the active minorities, the élites . . . Ideas and opinions are not spontaneously 'born' in each individual brain; they have a center of formation, or irradiation, of dissemination, of persuasion—a group of men, or a single individual even, which has developed them and presented them in the political form of current reality.
>
> (Gramsci 1997, 192–193)

The same, of course, can be said about measuring numbers of shoppers behaving in a particular way. Their behavior—and the notions, understandings, and ideas upon which it is based—also has a center of formation. More accurately, there are contending centers of formation, but by no means exerting equal influence or bearing equal resources. The creation of a particular kind of economic agent is of central importance to the functioning of impersonal market trade. As Watson (2006, 440) argues,

> the success of market trade requires (from a Polanyian perspective at least) the presence of market-bound economic agents. It is only in circumstances in which the dominant mode of socialisation equips individuals with the learned dispositions of market-bound agents that market trade is likely to develop without any obvious internal contradictions.

The efforts of capital to shape our notions of self, our preferences, and our behavior—a subject to which we will return—are meant to overwhelm alternative centers, encouraging us to behave as subjects engaged in a world composed of commodity choices through which we maximize our own self-interest (Dawson 2003; Manno 2002). Alternative institutions attempting to diffuse ideas about humans as products of community, as social contributors, as finding satisfaction through non-commodity means, or as solidaristic creatures who thrive under cooperative conditions remain active, but marginal. The ‘x-factor’ of social conscience is not a given. It is the object of a non-stop fight.

The third insight we glean from these studies arrives as many of them acknowledge the most obvious shortcoming of the fair trade approach, along with that of other certification initiatives. Through fair trade, only the welfare gain from consumers who purchase the product is taken into consideration in valuing public goods. Those who do not eat tuna, buy pork, drink coffee, or go to game ranches might also place a value on more desirable production practices, but that will go unrecognized by this type of market-based solution.

Social movements and framing

How do fair traders attempt to address these problems? Without the coercive power of a state to force people into giving their fair share to address poverty, and lacking the vast wealth and high status that enables some organizations and individuals to shape social norms and influence behavior, how does fair trade, or any social movement, get people to sacrifice (even if the sacrifice is tiny and glaringly insufficient), when they could just sit back and reap the benefits of the sacrifices of others? This problem, raised in a rational choice context by economist Mancur Olson (1965), is the same question faced by peace activists, environmentalists, and civil rights campaigners. While the free-rider problem is inevitable if people behave in a rational manner to maximize their own individual gains, as the previous section demonstrated, it did not take social scientists long to realize that people do not engage in free-riding behavior nearly as reliably as the theory would predict. People donate to charities, give to their church, and contribute to lobby groups on a remarkably consistent basis. All of these payments are for goods and services from which they cannot be excluded. Sociologists have developed a large literature attempting to address how movements attract and retain participants in spite of the free-rider problem. This question was developed as a feather in the wing of a larger question: why do some movements succeed, while others languish or collapse?

Theorists in the 1970s were highly influenced by Olson's work, and looked to the material circumstances of social movements to explain the timing of their emergence and their relative degree of success. This line of research came to be known as Resource Mobilization (RM) theory. While the term 'resource' in RM theory tends to shift our gaze toward financing, and indeed access to funds is an important variable, resources in RM theory include anything that allows the movement to carry out actions: money, physical space, a public voice, leadership skills, access to networks and to decision-makers, willing participants, reputation or social status, 'name recognition,' and so on (Freeman 1979, 170–176).

RM's focus on the material components of social movements was a positive advance, given that the earliest attempts to explain why social movements arose put all of their theoretical eggs in the basket of motive, and none in the basket of opportunity. That is, initially it was theorized that people got together in angry mobs and marched on the castle because they were, or felt they were, being ripped off. In the language of social scientists, collective action was driven by relative deprivation (see Zald 1992, 327–330 for a brief review). But, RM scholars asked, what if there is a lot more relative deprivation than there is social movement? The 'how' of social movement becomes just as important as the 'why?' Where did the mob get the torches, the rope, and the pitchforks? How did they get the meeting space to get collectively angry? How did they communicate with one another to all gather in that meeting space? An aggrieved and upset group of people, after all, provides little by way of threat to power, in the absence of some set of resources that allows them to articulate a problem, develop a collective response, and enact it. They could just as well sit at home and grumble, as many of us do.

RM focused very heavily on the internal, organizational aspects of social movements. It explained social movement outcomes on the basis of the organization's own capacities and strategies. But other researchers correctly insisted that success or failure for a social movement was often heavily dependent on factors external to the organization. RM thus got a useful complement from researchers looking at the structure of political opportunity encountered (and created) by social movement organizations (SMOs). This shifting structure essentially comprised elements beyond the direct control of SMOs that facilitated, constrained, or threatened movements. As identified by Jenkins and Form (2005, 337), these might include factors such as the extent of divisions among elites, the likelihood that the state will send in the tanks, the troops, the dogs, or the spokespeople in response to dissent, episodes of crisis (bombings, military invasions, political scandals, reactor malfunctions), technological change, or shifting industrial strategies.[8]

As discussed briefly in Chapter 2, the structure of the coffee industry, and the broader political and economic context in which it operates, must influence the strategies chosen by the fair trade movement. At any given moment, conditions external to the movement will fling some doors wide open while slamming others firmly shut. The terrain of open and closed doors that a social movement inhabits at any given moment in time is what social movement theorists refer to as an opportunity structure. Fair trade organizations were concerned with identifying those avenues within political and industrial opportunity structures that would most effectively assist the poor in the developing world, and address the fundamental roots of North–South inequality. Over time, the avenues available to social movement activists have not remained constant. In particular, as neoliberalism has advanced, paths relying on appeals to and pressure on the state have declined, and accordingly movements have been channeled into seizing opportunities in market-based avenues. Once the focus of activism shifts from the state to the market, the industrial structure of the corporate actors creates opportunities and obstacles for movement strategy.

RM theory paired with a focus on political and industrial opportunity structures gives us a partial explanation of the fortunes of the fair trade movement. Our earlier discussion of the fall of the ICA, the increasing concentration of coffee roasting, the entrance of Starbucks, and the coffee crisis at the turn of the millennium all fit into this explanation. However, scholars in the late 1980s began to grumble, discontented with materialist explanations for social movement. First, insufficiently social RM analysis could sometimes fetishize resource maximization, leading some social scientists to uncritically identify whatever enterprises harnessed the most resources for themselves as ideal social movements. This was the case regardless of whether such enterprises simply operated as recognized partners in fortifying the prevailing social order following established procedures within the dominant system (Lo 1992). Yet many

RM theorists have been wisely critical of the individualistic, maximizing assumptions smuggled in by economistic rational choice models of collective behavior, adopting instead a more social, more realistic understanding of human motivation (Ferree 1992, 31–43). However, even without resorting to the narrow view of humans implied by rational choice models of behavior, it must be acknowledged that much of social movement activity is about cajoling people into action, when people might otherwise choose to watch the television. For that segment of the population who shares in the movement's estimation of what constitutes a public good, yet hasn't so far acted to create this public good, the social movement's cajoling can be accurately described as an effort to overcome free riding.[9]

Second, critics charged that explanations relying on RM and political opportunities ignored the cultural and symbolic work carried out by SMOs, as well as the role of emotion and collective identity in social movements (Polletta and Jasper 2001). That is, RM and the political opportunity theories paid insufficient attention to actors' understandings of themselves, their grievances and the villains behind them, the consensus of interest on the part of movement participants, and their shared vision of goals and objectives. As these critics pointed out, movements are creating and recreating the meaning of their struggles constantly, not only for strategic reasons, but also as a result of conflict within the movement, and the dynamics of contention between movements and countermovements (Esacove 2004). So, social movement theory took something of a cultural turn. Among the most active and influential perspectives within this social constructivist stream is the framing perspective.

Framing is the 'conscious strategic efforts by groups of people to fashion shared understandings of the world and of themselves that legitimate and motivate collective action' (McAdam et al. 1996, 6). Another way of expressing this is that social movements, through their attempts to construct the meaning of events (like a drop in coffee prices) and persistent phenomena (like global inequality), work to affect the 'x-factor' that shows up in economic experiments on free riding. Much of their effort is geared at maximizing social consciousness—both through tapping into themes that turn latent concern into action and by actively creating 'conscience' concerning a particular issue. Social movements look to develop in people a sense of sympathy or identity with an issue or group, and to motivate action on the basis of that sense. In doing so, they attempt to minimize or even overcome the problem of free riding, as Eisenhauer (2006) (along with the experience of

Scandinavian countries) suggests can be done through developing a 'sense of community' in order to get people to pay their taxes.

Looking back to the work of Erving Goffman's *Frame Analysis* (1974) for a foundation, the framing perspective focuses on the problem of meaning; it seeks to understand how social movements construct their understandings of and messages about the social world, and to investigate the implications of adopting particular framing strategies. As one pioneer in the field put it:

> Meanings are derived (and transformed) via social interaction and are subject to differential interpretations. Hence meaning is problematic; it does not spring from the object of attention into the actor's head, because objects have no intrinsic meaning. Rather meaning is negotiated, contested, modified, articulated, and rearticulated. In short, meaning is socially constructed, deconstructed, and reconstructed.
> (Benford 1997, 410)

The problem of commodity fetishism opens the world up even further to framing activities, an opening which not only social movements but corporations have been only too happy to step into. The fact that we so frequently relate to others and to nature through commodities, rather than directly, and the obscuring of social relations that goes along with this enables interested actors to assume a mediating and interpretive role, in which they create narratives about the meaning and significance of various commodities. In the case of fair trade—as with most social movements—the 'object of attention,' as Benford puts it, is considerably complex. The movement is not monolithic in its understanding of what the appropriate 'object of attention' is or ought to be. However, fair trade SMOs have focused primarily on the poverty of commodity producers as the 'object' from which they attempt to construct meaning. From there, things become more difficult and fractious. Consider the three images below, found in the publications or on the websites of fair trade organizations or advocates (Figure 4.1).

Each image is intended to represent fair trade's core object of attention: the poverty of those who produce many of the commodities we consume on a daily basis. Each is intended to elicit sympathy for coffee producers, and the complicity of others in their plight. The first refers to a cause of poverty: falling world prices. The second does so with a visual representation of violence: a symbol of the damage done to producers through the consumption of conventional coffee. The third image,

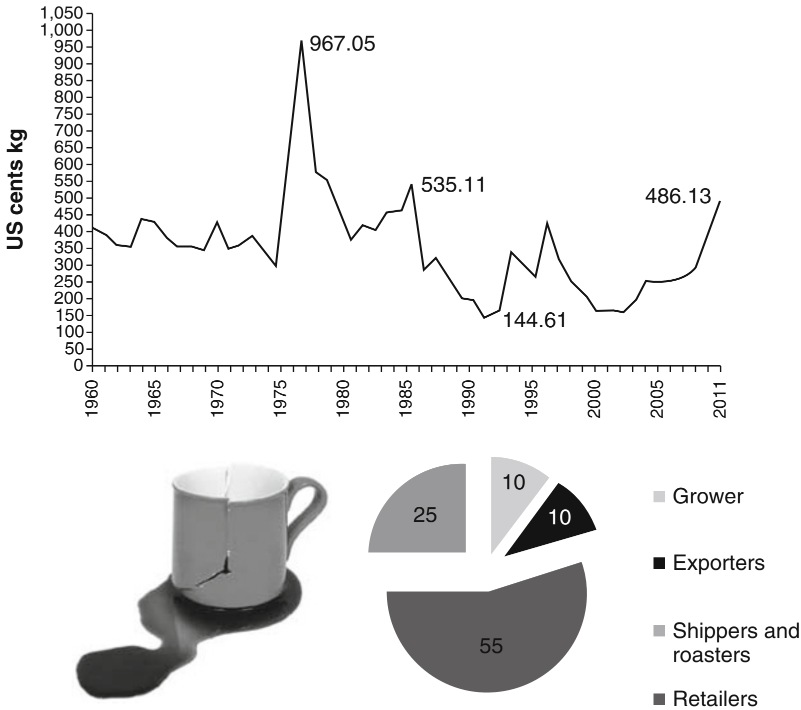

Figure 4.1 Framing the problem

Sources: Clockwise from top: Fairtrade Foundation. 2011. http://www.fairtrade.org.uk/producers/coffee/coffee_prices_background_and_update_jan_2011.aspx; Authors' reproduction, using data from New Internationalist, Unfair Trade. http://www.newint.org/easier-english/Foodhunger/Coffee/unfair.html; Oxfam 2002. Mugged: Poverty in Your Coffee Cup Available at http://www.oxfamamerica.org/publications/mugged-poverty-in-your-coffee-cup.

showing the distribution of the total value of a bag of coffee, places those prices in the context of a global value chain, and it suggests inequality, and not just poverty, as the problem. What political meaning are we to take from these referents of violence, poverty, and inequality? Are we to take them to signify an unequal system of international trade? Are we to take them as a sign of insufficient access on the part of farmers to Northern markets? Or are we to take them to signify a fundamental injustice inseparable from the global system of capitalist production? The movement spends a great deal of energy on the process of interpreting these images. As other authors have pointed out (Fridell 2007b; Jaffee 2007), fair trade actually contains all of these understandings within it, and the 'big tent' is starting to strain at the seams.

Social movements must attend to three 'core framing tasks' in their attempt to translate the social world for potential allies and participants (Benford and Snow 2000, 615). First, they engage in what scholars refer to, in their clinical way, as 'diagnostic framing.' That is, movements have to tell a story about their grievance; about what is wrong with the world. This goes beyond simply saying that 'the people who grow the coffee that ends up in your latte are on the brink of ruin.' It also involves pointing out what rotted policy, institution, process, or relationship is the source of the trouble. It is easy to see how in moving from the observation of symptom to the underlying diagnosis, movement participants and organizations step into an arena of struggle. The contest over diagnostic framing becomes particularly acute and unavoidable since, as we discuss below, the institutions identified by many fair traders as the underlying source of trouble often have well-staffed public relations departments. Secondly, movements have to lay out a plan about how to remove or shore up the rot. This is called 'prognostic framing,' and at its most basic, it demands a response to Lenin's immortal question: 'What is to be done?' Even among those who agree on the diagnosis might differ on how it can be dealt with. Finally, they must engage in 'motivational framing.' This last task is geared at creating a sense of urgency, and presenting problems and solutions in a way that convinces people that their participation will have some impact.

As social movements struggle to tell a particular story about what is wrong with the world, and to suggest paths toward happier circumstances, they find themselves on a playing field tilted by the weight of class power. The resources mobilized by corporate actors, both in-house and through trade associations and allied think-tanks, are vast, and put to good use spinning different stories—stories that create doubt in the mind of the public, downplay the extent of the problem, redirect blame, and, above all, protect or create new opportunities for profit (see, for example, McCright and Dunlap 2000). Corporations engage in storytelling through advertising, and through their public affairs and public relations offices (Dawson 2003). While advertising is just one aspect of the larger task of marketing (the suite of activities designed to create desire for a commodity) even its value is staggering relative to the resources available to social movements. Proctor and Gamble, the top global advertiser of 2009, spent $9.73 billion that year. Nestlé handed $2.3 billion over to the advertisers, while Kraft foods spent a paltry $1.79 billion (Ad Age 2009). In the United States alone, the top 100 advertisers shelled out $102.6 billion, accounting for about two-thirds of the total (Ad Age 2009).

While much of this is explicitly directed at generating desire for a specific product, marketing taken in total represents an effort to create a particular kind of culture, and a particular kind of person to fit within it. Leslie Sklair (2002; 2006) has called the desired end of this project the 'culture-ideology of consumerism,' and boils it down to a widespread acceptance that 'the meaning of life is to be found in the things we possess' (2006, 32). It is, as Dawson (2003) has also argued, a class-based project because its goal is not the satisfaction of human need (in fact, it relies on the creation and perpetuation of dissatisfaction) but profit. It is an attempt to structure our everyday behavior outside of work such that revenues are maximized. Marketing and resistance to it are class struggle. Corporations are thus always engaged in creating narratives about the world, developing stories about what is wrong with yours, creating a sense of urgency to address the lack, and offering a solution. While their project is not uncontested, they are expert 'framers,' and have vast resources to put into the task. In many ways, the promotion of the culture-ideology of consumerism by corporations, and the relentless repetition of the mantra that 'There Is No Alternative' to neoliberal capitalism have created the landscape on which many social movements do their moving. This is the source of some trouble.

The degree to which a movement's framing strategy attracts adherents is viewed as a key element in a movement's success (or failure). Scholars have indicated in numerous studies the importance of the 'cultural resonance' of a collective action frame (Babb 1996; Berbrier 1998; d'Anjou and Van Male 1998; Hallgrímsdóttir 2006; Kubal 1998; McCallion and Maines 1999; McVeigh and Sikkink 2005; Noonan 1995). Collective action frames, it is thus suggested, ought to tap into collectively held values, principles, ideas, and beliefs in order to draw in adherents and sympathizers. We hear this claim made implicitly when activists argue that they don't want to make anybody feel 'guilty,' or turn anybody off the movement with 'extreme' or 'divisive' statements. We also see it in the choice made by so many groups to coalesce around popular or cherished themes like motherhood, or some version of freedom or liberty. A successful collective action frame should be believable, the issues, ideas, values, or beliefs it utilizes should seem important to people, and it should mesh with people's day-to-day experience (Snow and Benford 1988).

The perceived importance of culturally resonant framing has led some researchers to claim that for movements, frame failure is a harbinger of doom. In more academic language, it has been suggested that 'if frames are central to movement goal-realization, it follows that frame failures threaten movement survival' (Hallgrímsdóttir 2006, 521). Hallgrímsdóttir (2006, 525) discusses the pressure to generate a salient and credible action frame as a 'strategic imperative' of social movements, creating an inescapable need to cleave tightly to widely held ideas, beliefs, values, and principles. Alert readers have no doubt begun to scratch their heads. If social movements hope to bring about some sort of cultural and/or material transformation in the future, isn't it something of a problem if they are forced to rely on the popular symbols and ideas of the (problematic) present? If we can take reasonably seriously the idea that the 'ideas of the ruling class are in every epoch the ruling ideas' (Marx 1976 [1845]: 67), and we believe we can, then Hallgrímsdóttir's 'strategic imperative' becomes a sticky one for those hoping to bring about large-scale social change. The propositions, broken down, form a trap: a resonant frame is a requirement; such a frame is constructed of existing myths, folk wisdom, bedrock beliefs, tropes, values, and beliefs; these persist and possess currency at least in part because they are supportive of existing social, political, and economic arrangements (that is, they are a product of class dominance). How, then, can they be used to undermine that same set of arrangements?

A small number of social movement scholars have pointed out that some social movements choose radical rather than resonant frames. Ferree (2003, 310) defines this opposition as follows: '*resonance* is defined as the *mutually affirming interaction of a frame with a discursive opportunity structure supportive of the terms of its argument*, while *radicalism* is similarly defined as a *mutually contradictory relationship between this structure and a frame*.' This is quite a mouthful, but essentially, what Ferree's definition implies is the (obvious, when one stops to think about it) idea that social movements don't operate in an unconstrained cultural environment. Their adherents are not free to push any interpretation of the social world they see fit, even if they think it is the best or only realistic interpretation. The fields in which they operate have prevailing rules of conversation, dominant ideas, beliefs, and values. Certain words or modes of explanation mark their speakers as 'crackpots' or 'extremists' or 'conspiracy nuts.' These rules are, of course, flexible over time and space. Prior to 2001, to speak of the United States as 'imperialist' was to count yourself among the lunatic fringe. Today, it is used in frequent, straight-faced conversations not only on the left and among anti-war movements but by the editors at the neoconservative *Weekly Standard*. Nonetheless, in any specific place and time, social movements face these rules, and it is here that the unequal power between grassroots social movements and political and economic elites really comes to bear. Ferree refers to the set of these rules as a 'discursive opportunity structure,' analogous to the political opportunity structure discussed previously. These rules promote certain messages, and filter out others. Movements that adopt a radical collective action frame, then—those that cut across the grain of dominant ways of thinking about the world and about individual roles within it (themselves products of historical battles over the definition of 'common sense'), those that attempt to re-create or destroy the landscape that has been bulldozed for them—are likely to pay a cost. At least in the short to medium term, they will find it harder to be seen as a credible movement. Their issues will seem marginal.[10] They will be less able to mobilize resources of all kinds, be they money, media, or masses. They will languish, huddling in church basements and community halls and failing to draw the attention of the Bill and Melinda Gates Foundation.

However, cost accounting of radical and resonant framing strategies ought not be one-sided. As Ferree points out, movements that adopt a resonant frame in order to create successful experiences in the short term also pay a high cost. 'Openings for ideas taking certain directions also are obstacles to other ways of thinking about a problem. When movements seek the advantages resonance offers they also accept political costs, particularly in marginalizing alternative frames, the speakers who offer them, and the constituencies whose concerns they express' (2003, 306). Clinging to a resonant frame that buoys mobilization in the immediate term can also deprive the movement of visionary navigators and vital navigational tools, leaving the social movement drifting along existing currents, failing to achieve its social movement purpose. The trick is that the ship needs not just to get out of the port with a crew, but also to chart the way to someplace new.

We have a spectrum of possibilities for social movements to try to mobilize support and resources for their cause, from resonant to radical. But in the fair trade context of private contributions to public goods, what would a resonant or radical frame look like? In their attempts to influence the x-factor that creates a social conscience and counteracts the urge to free ride, what forms of discourse, what 'rules of conversation' are available for the fair trade movement to tap, modify or reintroduce? The discipline of economics might furnish some preliminary clues, albeit with two quite different explanations.

Impure altruism

Some economists, also keen to try their hand at explaining what they see as the apparent paradox of people's failure to consistently free ride, have developed hypotheses suggesting that a mix of altruistic and selfish 'warm-glow' behavior can account for the x-factor of social conscience. According to Andreoni's (1989) theory of impure altruism, the benefit derived from contributing to a public good has two components. The first is the obvious increase in the quantity of the public good, be it less poverty, a cleaner environment, or better public policy, which is a donation to something that is non-rival and non-excludable and, therefore, should suffer the free-rider problem. The second component is the feel-good warm-glow factor from contributing to something that the individual views as a worthy cause. Watson (2006, 444) has theorized this aspect of fair trade transactions as the purchase of 'the moral satisfaction of having acted conscionably.'

The warm glow derived from this moment of the fair trade purchase is rival and excludable since, in this theoretical perspective, it should be impossible for people to experiece satisfaction from someone else's donation. Therefore, introducing this private, individual warm-glow component to the act of contributing to a public good dramatically reduces the tendency of people to free ride (Andreoni 1989; Andreoni 1990; Chan et al. 2002; Menges et al. 2005, 450; Videras and Owen 2006). Dwight Lee and Richard McKenzie (1990) apply this theory to poverty alleviation, arguing in contrast to the previously cited studies that as long as charitable donations contain an individual, feel-good factor, public goods that have a large number of potential contributors will be efficiently provided. This is also in direct contrast to the usual implications of the theory of free riding, where large numbers increase the likelihood of free riding and thus limit the quantity of the public good that will be privately provided. The implication of the warm-glow theory is that public goods can be provided privately, but those people who value and can pay for a warm glow will bear the burden. On one hand, such people are the ones who care more about the public good; but on the other hand, it allows the callous, uncooperative, and uncaring to escape payments for goods and services that do, in fact, benefit them. Of course, this problem applies to the fair trade solution.

As an explanation for people's propensity to contribute to public goods, impure altruism is an oddly individualistic theory, in the sense that people only contribute to something socially beneficial due to an increase in their own personal satisfaction. Yet, the theory fails to enquire about what might cause the warm glow. Taking any preference as a given is a long-held tradition in economics; yet this relieves economists of having to explain how preferences are formed, which many people would consider an important question. Taking the warm glow as a given completely abstracts from crucial questions. Why would people feel a warm glow? Why would it be strong in some contexts and not in others? Why would some people feel this warm glow and not others? This is especially important in the context of fair trade, since a major goal of fair trade is to attempt to change the preferences of society. Finally, from a normative standpoint, is it equally acceptable to feel or not feel a warm glow?

In terms of the framing spectrum, it seems likely that solving the free-rider problem by appealing to the warm glow of people in the North would be adopting a highly resonant frame. While it is possible that people could feel a warm glow from more radical activity, like class solidarity, under current conditions it is more likely that it will be activated through the more dominant practices of individual consumption reinforced by our daily activity in the market (Bowles 1991). The warm glow fits nicely into existing frames of consumer choice and freedom in the market. It speaks to what Guber and Bosso (2007, 48) call the 'language and belief system of the consumer'—a language they also identify as reflecting a 'widespread social fealty' to the core belief system of corporations. However, in order to generate this feel-good factor in the consumption choice, consumers should not be made to feel guilty or uncomfortable about their broader lifestyle decisions or political choices. Even encouraging consumers to question their 'social fealty' to the principles of market freedom can undermine the warm-glow component of impure altruism. If warm glow commonly permits atomistic people to overcome their free-rider dilemma, it is nonetheless a fragile, limited tool.

Homo reciprocans

The second hypothesis offered by economists to explain lower-than-expected levels of free riding is that, rather than being rational, self-serving, autonomous individuals, as traditional economic theory has tended to assume, people might actually be *inherently* cooperative, with a desire for fairness in both contributions to a public good and income distribution. This new, social view of human behavior has been labeled strong reciprocator, conditional cooperator or, by Herbert Gintis, *Homo Reciprocans* (2000, 313). This theory attacks what its proponents see as economics' overly rigid assumptions about human motivation by generating empirical support for the idea that people are predisposed to contribute to public goods, and will continue to do so if their behavior is reciprocated by others, in order to achieve an improvement to the collective welfare of a group without any particular 'warm glow' from individual donations (Andreoni 1995; Fischbacher et al. 2001; Gintis et al. 2005, 16; for an opposing opinion see Carpenter 2004). For example, in the 'ultimatum (or dictator) game,' which is played by two participants, one gets a sum of money and gets to determine how much to give to the other player. The second player decides whether to accept or reject the offered amount. If the offer is rejected, both players receive nothing. If people are strictly individualistic, then the first person should offer the second only some token amount, and the second person should accept it. The first player only cares about maximizing individual gains, and the second player, being better off than the alternative of zero, should accept the offered minimal amount. However, this is not what actually happens. In fact, in numerous studies repeated all over the world, the vast majority of proposers offer between 40 percent and 50 percent of the total. Interestingly, this result holds even when substantial sums of money are at stake.[11]

According to its founding authors, three lessons emerge from studies of strong reciprocity. 'First, people exhibit significant levels of generosity, even towards strangers. Second, beliefs about the causes of high and low incomes matter. Third, people contribute to public goods and cooperate on collective endeavors and consider it unfair to free ride on the contributions and efforts of others' (Fong et al. 2005, 293). People are much more willing to redistribute to those who they believe have been treated unfairly and are, therefore, 'deserving.' Fong et al. also suggest that a more egalitarian society with an acceptable minimal living standard is consistent with the propensity for generosity shown in the strong reciprocity thesis. They also claim that 'many traditional egalitarian projects, such as land reform and employee ownership, are strongly consistent with reciprocity norms' (Fong et al. 2005, 297).

Again, referring back to the framing spectrum, strong reciprocity can be seen as more radical than warm glow. While the warm-glow theory focuses on the benefits to the individual from contributing to a public good, which is likely to be attached to more resonant notions of gratification through consumption than radical frames like solidarity, a strong reciprocator frame would appeal to Northerners' concern with collective notions of fairness and justice in the economy, because people are willing to contribute to a collective endeavor to reduce poverty, especially if that poverty is the result of an unfair process. Demonstrating that the current commodity markets are unfair, however, requires that fair trade engage Northern citizens in a discussion about the nature of the process of production and exchange in our capitalist economy. To activate strong reciprocity, fair traders have to create a narrative about the source of poverty, about how it can be overcome, and about why the individual's participation matters. This is both a more radical and a more ambitious project than appealing to the already well-established warm glow of the charitable consumer. Some of the strong reciprocator authors argue that the American public is already predisposed to hold some quite radical notions of fairness and willingness to contribute to public goods, including a much more egalitarian income distribution and cooperative ownership. This suggests a possibility for a more radical framing by fair traders than would be the case if they attempted to mobilize through the warm-glow frame.

However, it is important not to overstate the radical nature of the strong reciprocator frame. The emphasis of the strong reciprocator theory is to demonstrate that already-held beliefs would support programs of the collective good, especially income redistribution. However, such support is contingent upon the outcome of political battles defining fairness. Today, people's pre-existing notions of fairness are limited by the neoliberal context in which these opinions are formed. Participants in these studies were more willing to redistribute when recipients of their largesse were perceived to display traditionally lauded characteristics like hard work and a willingness to improve their long-term prospects. Thus, established understandings of what is 'fair' have substantial impacts on the political viability of redistributive intervention. Research by Sally Blount-Lyon and John Jost (Blount-Lyon 2002) has found that people often believe that whatever outcome the market delivers is 'fair.' While their research suffers from sampling bias (they measure perceptions about the market among undergraduates, MBA students, and executives at Stanford, the University of Chicago, and NYU) they do find 'the "fair market illusion" to be rampant among people well-educated in economics.' For example, the average MBA student is likely to agree just as strongly with the statement 'The free market system is a fair system' as with the statement 'The free market system is an efficient system.' Interestingly, belief in the 'fair market illusion' is correlated not only with self-reported political conservatism, but also with the belief that hierarchies are 'natural' and social inequality is 'inevitable.' These are the lifeblood beliefs of neoliberalism. The more saturated public discourse becomes with this community's beliefs, the more likely fairness will be seen as an automatic consequence of market processes.

The most radical of the fair trade frames encourages people to go beyond market-based notions of 'fair exchange' and to question the exploitative nature of capitalist production. In the context of this book, this would require people to develop a much greater understanding of the conditions under which their goods and services are produced, by exposing the power structure inherent in commodity production, by reducing the tendency toward commodity fetishism. Confronting commodity fetishism requires a much more radical challenge to the belief system of most of those in the developed world than is implied by the social reciprocator.

On the framing spectrum, there are numerous directions that fair trade could take to mobilize support in an attempt to minimize the free-rider problem. Through interacting with fair trade activists, trolling the websites of fair trade organizations, and combing media coverage of the movement, three dominant themes seemed to us to account for much of the framing activity undertaken by fair traders. The most resonant is the warm-glow frame that fits nicely with our consumer culture and which aims to mobilize support by highlighting the feel-good factor of helping others. This frame is primarily concerned with distributional fairness (who gets what share of the pie), while neglecting procedural fairness (who or what determines how the pie is divided). Appealing to the notions of fairness and cooperation held by the strong reciprocator can offer a more radical alternative that addresses the sources of unfairness in international commodity trade and the coffee industry. Procedural fairness becomes relevant here, since the strong reciprocator is more likely to manifest their latent cooperative tendencies if they believe it will counter an unfair process. However, this reciprocator frame leaves unchallenged peoples' notions of what is, and is not 'fair'—notions that take shape in a neoliberal cultural, political, and economic context. The definition of fairness must be addressed. The most radical approach for overcoming aversion to contributing to the public good would be to question existing beliefs over the universal desirability of capitalist production and exchange relationships, and to contest the self-interested decision making that lies behind so much consumer behavior.

Some of our questions about the fair trade movement revolve around this tension. As movement activists and organizations insert themselves into the experiential gap between consumers and producers, as they seize on and (possibly) help diminish the tendency toward commodity fetishism, what kind of narrative(s) are they constructing about fair trade, power, the coffee economy, or the lives of coffee growers? Has the movement generated a collective action frame that is fundamentally supportive of existing political, economic, and social arrangements? If so, is this a change of direction on the part of the movement, or has their collective action frame (if one is discernable as dominant) remained reasonably stable during the movement's history and recent tumultuous engagement with major corporate players? Perhaps most importantly, has the movement adopted a frame that implies significant costs, in terms of adopting the 'common wisdom' of corporate-friendly warm-glow consumption as a solution to poverty and environmental degradation?

Fair trade framing strategies: A ten-year view

In order to get a handle on whether there is a 'dominant' framing strategy within the many organizations and participants in the fair trade movement, we collected 10 years' worth of print and radio coverage of the fair trade movement from the United States, the United Kingdom, Canada, New Zealand, Australia, and English-language newspapers from Japan and Spain. Our sample of media articles on fair trade was collected through Lexis-Nexis, an online database of newspaper and magazine articles, plus transcribed radio programming. It is limited in that it includes very few of what could be considered 'alternative' media, though it certainly includes media with a variety of editorial perspectives (for example, the UK papers include the Daily Mail, the Telegraph, the Guardian, and the Independent, among others). It does also include local newspapers, such as the Toronto Star, the Vancouver Sun, and the Winnipeg Free Press, which have varying editorial stances. All of this, however, we would consider 'mainstream' media. These media provide fair trade movement activists and organizations with an opportunity to present their critique of (and solution to) conventional production and exchange to a wider public and potential movement participants. As such, they provide a valid indicator of the framing strategies employed by different movement participants. Our decade-long sample (1997, 1998, 2000–2007; our search revealed no media articles on fair trade for the year 1999) also allows us to see if framing strategies are changing over time. Are fair traders trying to connect to consumers by appealing to their 'impure altruism,' by promoting the 'cultural surplus' (Hughes 2000, 179) derived from the public display of caring, or are they taking the more challenging route of appealing to their existing sense of 'fairness?' Is there any sign of fair trade attempting to overtly challenge the social relations of production under capitalism as inherently unfair, or to remove the layers of obscurity between consumers and the processes that bring commodities to the grocery or gift-shop shelves?

Comments that attempted to convey fair trade movement framing were categorized according to their underlying motivational frame—whether they appealed to the idea that consumers themselves would feel good (or, alternatively, avoid feeling badly) by buying fair trade, whether they appealed to the consumers' sense of 'fairness' (without challenging or attempting to reconstruct what fairness means) in exchange, or whether they engaged in attempted decommodification by giving an account of how production takes place, under what conditions, under what social relations, and/or with what consequences for workers and for nature. Two other categories that emerged from the data were added to capture comments that were either overtly neoliberal or anti-capitalist. The latter category was included to capture comments that moved beyond revelation of the production process, to a critique of the specifically capitalist nature of that process, including stressing the need for considerations above and beyond profit and growth, the fundamental motives and requirements of capitalism. This, of course, would be an even more radical framing strategy, connecting specific forms of the degradation of labor and nature to capitalist social relations. Two of the frames share common diagnostic and prognostic frames, as shown in Table 4.1. Table 4.1 also shows the degree to which each frame 'fits' with dominant consumer culture.

Additionally, three of the major movement frames were further broken down into sub-frames, in order to capture some of the different emphases within each, as shown in Table 4.2.

A couple of examples of each might help clarify the content of each frame. Below we provide representative pieces of print media text to illustrate the kinds of comments that are included under each frame.

Neoliberal

> The emerging fair-trade movement tries to accomplish this (poverty reduction) within the market system instead of relying on aid handouts or moving farmers into low-wage factories.

> Advocates say Fair Trade is a model for the future, reflecting consumers' and stockholders' desire that businesses be socially responsible as well as profitable. 'When consumers ask, corporations listen,' said Paul Rice, executive director of TransFair. 'Companies are finding Fair Trade is good for business.'

Table 4.1 Movement frames

Frame	Diagnosis (The grievance)	Prognosis (What is to be done?)	Motivation (Why YOU should act)	Resonance
Neoliberal	Market imperfections can contribute to producers' poverty	Crop diversification; improve product quality; improve access to information	'Fair trade is a market-based tool that can ameliorate poverty and reduce associated public hazards such as immigration and narcotics production. Additionally, it is an avenue of profit for retailers'	High
Warm glow	Many producers are poor because of low prices and/or an unequal system of exchange	Purchase products that guarantee a higher price or wage for producers or workers	'You'll feel better about yourself.' Appeals to consumer's well-being; 'impure altruism'	High
Fair exchange	Many producers are poor because of low prices and/or an unequal system of exchange	Purchase products that guarantee a higher price or wage for producers or workers	'You are benefiting from an unfair system of trade, and can easily stop doing so.' Appeals to consumer's sense of fairness and ability to redress an unfair system of international trade	Moderate
Decommodification	Production of commodities is both destructive and opaque, enabling poverty and environmental degradation	Reveal the realities of dominant relations of production and exchange, and support alternatives	'The production of things you consume hurts workers, farmers, and nature. You can participate in the creation of more just and sustainable forms of production'	Low
Anti-capitalist	Capitalist production and exchange comprise an inherently exploitative system that keeps workers and farmers in poverty	Foster new and support existing alternative, democratic relations of production	'Free markets don't cure poverty, they create it. Capitalism must give way to a more just system of production and exchange'	Low

Table 4.2 Frames and sub-frames

Movement frame	Sub-frames
Warm glow	Feel Good: Positive outcome for consumer Guilt Alleviation: Avoidance of negative outcome for consumer
Fair exchange	Fair Price: A fair price is given for the product of the producer Fair Wage: A fair wage is given to workers
Decommodification	Environment: Details the environmental consequences of production, either positive (fair trade) or negative (conventional). Labor Standards: Reveals or references conditions faced by workers and producers, presence or absence of child labor, or living conditions in producer communities Relations of Production: Explicitly references democratic and/or cooperative nature of fair trade production

Warm glow

Feel-Good:

Can you change the world, one cup of coffee at a time? Maybe not, but you'll feel better for trying.

(T)he fair-trade premium is a reasonable price to salve a liberal conscience. It's a small step on the path of righteousness

Guilt Alleviation:

Chocolate lovers who have suffered years of guilt over their cravings can now hold their heads up high.

While many companies are responding to pressure from human rights advocacy groups such as TransFair USA and Global Exchange to add some political correctness to the bean bag, they also are listening to a growing number of customers who want to sip without guilt.

Fair exchange

Fair Price:

'(T)here is a place for charity, but coffee growers don't have a need for charity,' says Mr. Thomson. 'They need a fair price for their coffee.'

(P)rices paid to producers of agricultural commodities should 'reflect the effort that they put in.'

Fair Wage:

By eliminating layers of middlemen and exploitation—the trademarks of free trade—fair trade guarantees growers and artisans a fair wage for what they make and grow and promises a better future for their children.

When Yuka Akiyama, 25, a co-op employee, heard customers complain that the wine was more expensive than Chilean wine, she told them, 'It's because the prices include the cost of paying fair wages to local workers.'

Decommodification

Environment:

'We teach members to be environmentally friendly,' he says. 'We grow organically and want to stop pollution of the region. We use by-products such as pulp as compost and the "honey water" used in processing as fertilizer.'

Many fair trade products are organically grown and processed, so the earth also benefits.

Labor Standards:

In addition to living wages, A Greater Gift and other fair trade groups set standards in other areas: women's rights, the absence of child exploitation or forced labor, safe and healthy work environments and eco-friendly production.

The fair trade certification also means that a farmer employs environmentally sustainable practices and doesn't use forced and child labor.

Relations of Production:

The company represents an important step for fair trade, because the farmers that grow the cocoa for these products are also shareholders. And as well as sharing in the profits, they have a say in how the chocolate is produced and sold.

Fairtrade demonstrably helps the groups of people whom it targets, and works through cooperatives that guarantee environmental and social standards and that demand democratic decision making over how the extra money earned is distributed.

Anti-Capitalist*:*

> Ethical consumerism is, at its core, a reflection of public concern to create a better world. But, in the era of globalisation, ethical consumers need to look beyond the supermarket shelf—and beyond appeals for voluntary action by powerful corporations. What is needed is a new system of world trade rules which prioritise the needs of people and the environment over the dictates of free trade.
>
> 'Fair trade says there are other priorities than profit,' said Casey, program coordinator at the coalition. 'There's human dignity.'

Counting the number of comments made under each category and expressing the counts as a percentage of the total, we can get some sense of the framing strategies of fair trade activists, as they are manifested in the media. One conclusion is that a unified, transnational, trans-organizational framing strategy—one that is clearly emerging as the message of the movement—had yet to materialize by 2007, and the FTUSA/FLO split of 2012 suggests that the framing is likely to become more divergent, rather than convergent. Fair trade was framed in many different ways by movement participants. TransFair USA, for example, framed fair trade very differently than TransFair Canada or Ten Thousand Villages, even prior to FTUSA's separation from FLO.

However, there are some patterns that emerge from this sample. Of comments over the ten-year period, categorized according to the major movement frames, the dominant category was 'fair exchange' (41 percent), followed quite closely by 'decommodification' (34 percent). 'Fair exchange' has been dominant since 2001, when it surpassed 'decommodification.' Warm glow finished a distant third, comprising just over 12 percent of commentators' framing of fair trade. The fact that 'fair exchange' tops the charts of fair trade framing is not a big surprise, and is reflected in most consumers' understanding of what fair trade means: 'a fair deal for Third World producers.'

Interestingly, the 'warm-glow' frame, which, according to our classification should be among the most resonant, has, since 1999, remained a comparatively small tool in the box of fair trade activists and organizations. Equally surprising is the relatively high degree of effort dedicated to framing fair trade as 'decommodification,' which is a frame that cuts strongly against the grain of consumer culture and the ideology of the free market (See Figure 4.2).

While fair trade activists have considerable incentive to adopt and mobilize 'neoliberal' framing in order to tap into a potentially rich well

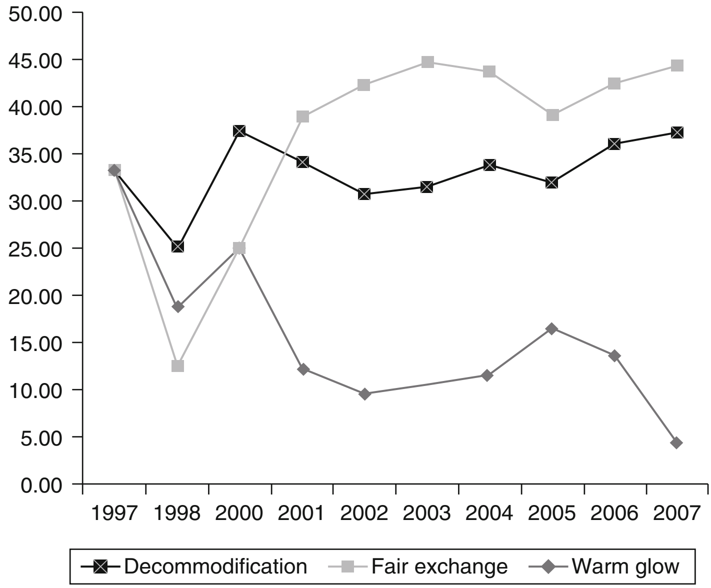

Figure 4.2 Frame construction (1997–2007) (percent of total comments)

of elite allies in international and national-level governance structures (like the World Bank, the United Nations, or the US Congress) and TNCs, they seem to be avoiding doing so, sticking more closely to the frame of 'fair exchange.' Neoliberal framing of fair trade over the ten-year sample made up just over 10 percent of the total effort, peaking at 18 percent in 1998, and hitting a low of just over 6 percent in 2006. On the other end of the spectrum, fair traders do not very frequently frame the movement in anti-capitalist terms. Anti-capitalist framing accounts for only 1 percent of total effort over the ten years. The movement is putting very few resources toward presenting fair trade as an alternative to capitalist relations, or diagnosing capitalist relations of production explicitly as the (or even as *a*) driver of poverty and environmental degradation. Given that the movement is already using frames of relatively low resonance, this may reflect a strategic unwillingness to appear 'extremist,' or it may actually reflect the movement's own sense that fair trade is not, and ought not to be, anti-capitalist. We take up the question of fair trade's anti-capitalist possibilities again in the concluding chapter.

The surprisingly low-resonance and moderately radical nature of the FT framing might lead to a conclusion that this is simply a reflection of the advertising world's embrace of the 'rebel identity.' Are fair trade activists trying to 'sell' fair trade by associating it with the rebel lifestyle? The idea of the 'rebel sell' (Heath and Potter 2010) refers to advertising intended to endow individual consumers of commodities with a 'rebel' identity, in that they 'find their own road,' 'march to their own drum,' or are otherwise untouched by the influence of the herd. The rebel sell has no actual anti-systemic or revolutionary content, understood as content that questions or advocates a radical change in dominant social relations. Given our coding strategy, the rebel sell would have shown up in our analysis under the 'warm-glow' category, in that it attempts to explicitly stroke the ego of the consumer, appealing to the fact that the product will enhance the consumers' sense of self-worth. Comments coded as 'fair exchange' are not rebellious at all, nor do they attempt to make fair trade consumption out to be a rebel act, but appeal to peoples' existing (hegemonic) sense of fairness. Comments coded as 'decommodification' are also not rebellious, but make explicit reference to the organization of work, the actual conditions of labor, or the environmental consequences of production. The 'anti-capitalist' frame, meanwhile, would only contain comments that explicitly present fair trade as an alternative or a threat to capitalist social relations. Thus, our coding strategy should avoid mistaking the rebel sell for framing with 'genuine' radical content.

Small differences in framing emerge when we break down the media coverage by whether or not the framing is filtered (through a reporter or interview with a disinterested party—usually a consumer being interviewed in a shop) or unfiltered (a direct quote or comment attributed to a representative of an ATO, a labeling organization, or a critic/coffee industry representative). By far most of the framing ends up filtered. Of the 1251 categorized comments 907 had been fed through journalists or consumers. ATOs were the second-most frequent commentators (251), followed by labelers (62), with critics bringing up the rear (31). Filtered sources were most likely to characterize fair trade using the 'fair exchange' frame, as were labelers. ATOs were equally likely to use the 'fair exchange' (20.7 percent) and 'decommodification' frames. Critics and industry reps were most likely to talk about fair trade using the 'neoliberal' and 'warm-glow' frames, in predictably disparaging terms.

So, apart from critics and those in the mainstream coffee industry—those intending to frame fair trade as a band-aid solution at best, and at worst damaging to those it purports to help—those who work to frame fair trade do so using frames that offer only low and modest cultural resonance. While existing political and discursive opportunity structures would encourage 'neoliberal' and 'warm-glow' frames, they

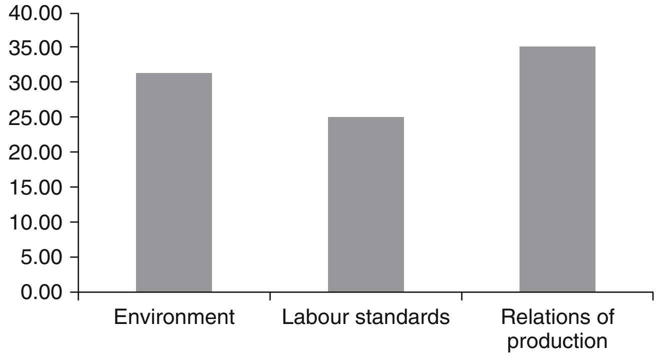

Figure 4.3 Decommodification sub-themes (percent of total decommodification comments)

remain little-used. The same pattern of stressing the least culturally resonant themes emerges when the 'decommodification' frame is broken down into its sub-frames. Given its prominence in current policy discussions we expected the 'environment' sub-frame to completely dominate the commentary within this frame, but activists put slightly more of their effort into revealing the alternative relations of production that lay behind fair trade goods like coffee. Of all comments categorized as 'decommodification,' 38 percent were in the sub-frame of 'relations of production,' while 35 percent fell under the 'environment' sub-frame; 27% addressed 'labor standards' (Figure 4.3).

Thus, in response to the questions that launched this investigation of framing, it does not appear that the fair trade movement is engaging in framing projects that are fundamentally supportive of existing economic, political, and social arrangements. They have not taken up opportunities to tap fair trade into neoliberal networks and institutions in their framing activities, though, as we discuss in Chapter 5, it is certainly taking advantage of commercial opportunities that are in tension with the more radical frames activists are advancing. Neither is it succumbing to the temptation to frame fair trade as a system intended to service the consciences of Northern consumers, though this would likely be a somewhat successful avenue for attracting new adherents. Finally, there is strong evidence that fair trade activists, while they do not tell a story that positions fair trade as anti-capitalist, at the very least continue to convey through their framing actions the decommodifying aspects of fair trade. They spend considerable effort in revealing the consequences for nature and for workers of conventional trade, and are at pains to point out the crucial differences in these areas that fair trade commodities embody. Our analysis, given that it draws on mainstream media, rather than on independent or 'alternative' media, likely underestimates the extent of radical framing, since the reporters and editorial staff working for the latter are themselves likely to have a more radical outlook.

The analysis also reflects the significant diversity within the movement—a diversity that carries significant tensions. A multiplicity of meanings has been laid over the relations of production and exchange that actually lie beneath the fair trade label. The different framings of fair trade point down different roads, suggest different strategies, and produce different realities for what fair trade actually becomes. Various framing strategies, as they vie for dominance, have practical effects in terms of how they differently orient movement tactics and both activist and consumer understandings of the movements' objectives. In particular, the 'decommodifying' frame most heavily drawn upon by ATOs points activists toward understanding one important goal of the movement as revealing the social relations and re-organization of nature lying behind production—a necessary revelation for the generation of collective action in the interests of justice and sustainability. Given this understanding of the goal, tactics would be likely to gravitate toward continued efforts at increasing the transparency of what the fair trade label represents, and continued efforts to highlight the exploitative and degrading character of conventional trade. The 'fair exchange' frame, meanwhile, which dominates among journalists, consumers, and labelers, reorients activists toward understanding the movement as one that increases the returns to farmers, and thus tactics will likely gravitate toward activities geared at maximizing the volume of fairly traded commodities—with transparency and consistency of production criteria viewed as constraints, rather than as goals themselves. While the different framing perspectives of labelers and ATOs cannot perfectly predict behavior, the FTUSA–FLO split might be usefully seen as resulting from strategic and tactical differences that flow from these two frames.

Conclusion

The experience of fair trade framing since 1997 runs counter to the predictions of many social movement scholars. SMOs have adopted a variety of motivational frames to attract movement participants, and these have not been moving monolithically, or even dominantly, toward what we would expect to be the most convenient culturally resonant terrain.

While consumer culture and the associated belief that production is and ought to be the privileged domain of capitalists remain hallmarks of contemporary industrialized society, fair traders have continued to attempt to highlight the process of production as a vital part of the final product, and continued to appeal to peoples' sense of fairness—one rooted in the idea that people who work hard to produce a desirable good ought not to be left in poverty. Despite this refusal to widely adopt resonant frames, the movement has shown impressive growth in terms of sales and visibility during this period. The major SMOs have grown in size and number, the number of producers involved in the fair trade system has grown, and sales of fair trade coffee have increased dramatically. Fair trade has also, arguably, pioneered a plethora of other voluntary initiatives designed to help consumers pierce the opaque layers of the commodity and to plumb the social and environmental depths of everyday supermarket items. These range from other labeling schemes to online services like SourceMap, which provides a visual display of the commodity chain through which goods are produced and assembled, or mobile software applications like the GoodGuide's, which allows you to scan the barcode of a supermarket item and immediately receive a rating based on the product's health and environmental impacts, and the company's practices with regard to communities and workers. At the least, this should cause social movement theorists to re-examine the widely held hypothesis that the adoption of a resonant frame is a do-or-die proposition for social movements. Fair trade activists, in terms of their framing, seem to be successfully tapping in to a latent stream of radical discontentment with the ideas that markets provide fair outcomes, and that there is 'No Alternative.' These activists are making what seems to be a smart bet that consumer behavior will follow the pattern of Gintis' *Homo Reciprocans*, and that there is an increasing desire on the part of Northerners to be informed about the implications of production on workers and on nature. The dilemma of overcoming the free-riding problem has not been approached by way of offering people some kind of individualized, psychological payout, but by appealing to aspects of human behavior that are at odds with market-based assumptions of competitive individualism. The experience of fair trade's framing activities, paired with its growth, also challenges the idea that humans are, by 'nature,' motivated by isolated calculations based on self-interest.

As we will see in the next chapter, however, there are often substantial gaps between the framing activities of the movement, and the practices it is adopting in the face of the political and industrial opportunity structures relevant to coffee. While activists continue to hold a fairly radical line in the media concerning the practices and objectives of fair trade, our next chapter suggests that there are some worrying trends in the way that fair trade is attempting to expand into new commodities, and to integrate itself more deeply with mainstream roasters and retailers in the coffee industry.

5
Power and Consumption: Corporate Countermovement and the Threat of Asymmetry

Nestlé's long term commitment is to develop sustainable agricultural practices in order to help alleviate hardship and poverty among small coffee farmers.

Alastair Sykes, CEO of Nestlé UK and Ireland at the release of Nestlé's Fair Trade Certified Partners Blend in the UK, 2005

This is a turning point for us and for the coffee growers. This just shows what we, the public, can achieve. Here is a major multinational listening to people and giving them what they want.

Harriet Lamb, director of the Fairtrade Foundation at the release of Nestlé's Fair Trade Certified Partners Blend in the UK, 2005

In the fall of 2005, Nestlé in the United Kingdom announced with great fanfare, the launch of a new brand of soluble coffee, Partners Blend. In its press release, carried by major media outlets around the world, the company boasted, 'This represents a fundamental, serious commitment to help some of the poorest farmers in the world' (BBC News 2005). This declaration of corporate responsibility, and the accompanying statement of approval from the Fairtrade Foundation, was very valuable for Nestlé, one of the most boycotted companies in the world. For years, Nestlé's corporate behavior has made it easy for activists to portray it as a rapacious exploiter of both workers and consumers in the Third World. Most famously, it marketed instant milk as a superior

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This chapter is an update and expansion of M. Fridell, I. Hudson and M. Hudson. 2008. 'With Friends Like These: The Corporate Response to Fair Trade,' *Review of Radical Political Economics*, 40(1): 8–34.

substitute to breast feeding in the developing world, a move that justifiably angered many who argued, correctly, that it was less nutritious than breast milk and obviously more expensive. Worse, Nestlé was aware of the instant milk's nutritional inferiority yet continued with the strategy (Sikkink 1986). Nestlé's unethical corporate image did not sit well for a company trying to market family-friendly foods. This negative image was reinforced by the growing awareness among consumers of the poverty and environmental damage that was part and parcel of the conventional coffee industry.

Fair trade was both the cause of, and solution to, Nestlé's coffee problems. After all, it was fair trade, and its partners at NGOs like Oxfam and Global Exchange that publicized, with a successful 'decommodifying' framing strategy, the miserable conditions fostered by the coffee industry (Global Exchange 2001b; Oxfam 2002). In their diagnostic framing, they not only blamed the vagaries of impersonal demand and supply for the plight of the coffee farmer, but also the profit seeking activities of multinationals like Nestlé, with deliberate statements contrasting the poverty of the developing world coffee producer with the stratospheric profits of Nestlé and its corporate competitors in the industry. Fair trade also offered Nestlé a solution to the very problem that it had created. If Nestlé switched from its conventional sourcing methods to selling fair trade, Nestlé's ethical credentials would receive the literal seal of approval of a highly respected, independent certification body. Nestlé's introduction of Partner's Blend was typical of the industry response to the fair trade challenge. With the supportive words of their former critics in fair trade littering press releases, Nestlé made fair trade a very small component of their overall coffee empire, while continuing its conventional practices on the bulk of its buying.

As we mentioned in Chapter 2, fair trade organizations did not initially engage with the giants of the industry. During what we might call Phase I (which is ongoing), consumers and producers were (and continue to be) mobilized to make more viable and healthy the institution of smallholder farming in Southern coffee-growing regions by supporting and participating in its alternative model of production and exchange. The movement also sought to develop in Northern consumers an ability to recognize *how* a product is produced *as part of the product's value*. This is reflected in the dominance of the decommodifying frame up until 2001 at which point it lost ground relative to the 'fair exchange' frame (see Chapter 4). The successes of this phase, forced the second phase, in which movement organizations have sought institutional change within the oligopolized coffee market by affecting the purchasing and retailing behavior of the coffee companies.

The growth of fair trade sales and its increase in visibility over the past decade have been impressive. However, the movement's effectiveness has been limited by its ability, or lack thereof, to sell even more coffee. In 2006, FLO (2007b) estimated that only about 20 percent of its certified producers' harvest was sold under the fair trade label. The rest was sold on the conventional market. In the fair trade model increasing sales is necessary to increase the benefits to existing members and extend membership to those currently outside the system (Trejo 2002; Hudson 1998). Fair traders arrived at the conclusion that the most logical way to do this was to engage with the major industry players. Thus, the Big Four coffee roasting multinationals, along with Starbucks, became the primary targets of the fair trade movement. This represented a shift from an initial phase of fair trade mobilization to a 'Phase II.'

Phase II has been characterized by an extended process of negotiation, with movement activists coaxing corporate targets with a combination of exposure, challenges, and threats for recalcitrant firms, and public accolades for those that cooperate. To leverage change from the corporations, movement organizations have drawn on the experiences of previous anti-corporate mobilizations and on their targets' heavy investment in brand recognition and value. Corporate branding, a prominent marketing strategy that manufactures a favorable reputation for a commodity, also makes corporations vulnerable to the social movements that bring attention to the ways in which products do not live up to their sunny brand reputations (Klein 2000). For example, the International Nestlé's Boycott Committee and other infant formula critics effectively threatened Nestlé's reputation, resulting in the corporation's 1981 decision to adopt the WHO/UNICEF International Code of Marketing of Breast Milk Substitutes (Sikkink 1986). The Nestlé campaign is an interesting case, because it demonstrates both the strength and the weakness of consumer-led, brand-targeted social movements. While the initial campaign did indeed force Nestlé into signing the International Code, the International Baby Food Action Network (IBFAN) continues to produce evidence that Nestlé is a consistent violator of the Code (IBFAN 2004), and the Baby Milk Action Campaign calls for the boycott to continue (Baby Food Action n.d.). Yet, the continuing boycott and Nestlé's repeated offenses are not common knowledge. This demonstrates clearly that consumer-led boycotts depend on high visibility and public awareness that are difficult to sustain, and can be derailed fairly easily by token gestures on the part of the target. These limits hinge on the asymmetry of information between companies and consumers with regard to corporate behavior. This is an issue to which we will return later in the chapter. Nonetheless, the perceived successes of other social movements—including not only the breast-milk campaign targeting Nestlé, but also the anti-sweatshop campaign targeting Nike—in targeting brands in the 1990s provided a model of consumer driven action (Snow and Benford 1992) through which fair trade sought to force its way into the large roasters' coffee offerings. The efforts of fair trade activists, the rise in 'ethical consumption,' and the stagnant market for conventional ground coffee have elicited a response by the Big Four and Starbucks, to which we now turn.

This chapter explores the corporate response to fair trade's decision to delve into the mainstream coffee market. Fair trade's strategy of competing in the conventional coffee market is a double-edged sword. On the positive side, fair trade sales have increased dramatically and it has pressured coffee companies into slowly, grudgingly altering their production practices. However, there are some real questions about the long-term consequences of the mainstreaming strategy. As we saw in Chapter 2, fair trade, at least in coffee, has two main goals: (1) transforming the social and ecological conditions of coffee production in the South; and (2) transforming the cognitive processes of consumption in the North, by making the nature of the production process of the commodity an explicit criterion in people's consumption decisions. The question for this chapter is whether the mainstreaming strategy will help or hinder these goals. A crucial part of the answer to this question depends on how the corporate targets of fair trade respond to its demands. As Dawson (2003) so clearly explained, firms' interest in encouraging profit maximizing methods of consumption will often inherently conflict with the interests of the people to whom they are selling. In this antagonistic relationship firms and consumers bring very different powers to bear in an effort to achieve their goals. While people have the final right to purchase or not to purchase any particular product, companies dedicate trillions of dollars a year into manipulating purchasing behavior through the science of marketing. The conflict between firms and a consumer movement like fair trade coffee labeling can be usefully understood in this context. Companies in the coffee industry attempted to first discredit fair trade's inclusion of production conditions into consumer decisions and then, having failed to do so, attempted to ensure that ethical consumption was structured in as profitable a manner as possible. By examining how corporations have responded to fair trade coffee, both in their public relations and in product strategy, this chapter will evaluate whether fair trade's twin goals are likely to be achieved.

Before venturing into a discussion of the corporate response to fair trade coffee, a reminder is probably useful. Fair trade does not have one single, homogeneous meaning. Indeed, the meaning of the term fair trade is evolving as a result of changes sought by the movement itself, (far too infrequently) producers, and firms that are both threatened and engaged by fair trade. This chapter, and much of the rest of the book, deals with one particular type of fair trade—the specific criteria that are outlined in Chapter 2 for fair trade labeled coffee. Coffee can be fairly traded without the fair trade label under a wide variety of different conditions that may be more or less progressive than those stipulated by the fair trade label. Fair trade labels for products other than coffee have different criteria—an important impediment to fair trade's decommodification efforts that will be further addressed in the conclusion.

The corporate response to fair trade coffee

Corporate responses to fair trade can be broadly grouped into two quite different, but complementary strategies. The first is antagonistic, in which the big coffee companies attempted to destroy the fair trade movement, or at the very least, to limit its mainstream popularity by dismissing its concerns about the coffee industry. The second is a campaign to demonstrate that the coffee multinationals recognize the movement's basic concerns as legitimate and real, and that they are proactively moving to address them with a variety of initiatives.

Antagonism: Dismissing fair trade

The first tack taken by the coffee industry was to publicly dismiss the production criteria stipulated in the fair trade label as counterproductive. While it may appear hard-hearted to oppose a movement whose goals include a better standard of living for those in poverty, greater ecological sustainability, and increased democratic participation in the economy, this is precisely what the coffee industry, at first, set out to do. The criteria of a fair trade label may be rooted in compassion, argued industry reps, but they are poorly informed as to the causes of the producers' difficulties, and the solutions they put forward would actually exacerbate the problem.

According to the interpretation of the coffee industry, the problem for producers is caused by the impersonal forces of supply and demand.

For example, the price slump that caused the coffee crisis in the early 2000s, and the high degree of price variability in the industry more generally, reflect the normal functioning of the free market (and, tacitly, none of which reflect oligopolistic conditions in the industry). The coffee crisis was caused by several supply factors that have caused the price to fall precipitously. Most obviously there was a dramatic increase in the quantity of coffee in the market as several countries, most notably Vietnam and Brazil, increased production in an effort to increase their export earnings. It is also worth noting that these countries are low-cost producers because of favorable growing conditions and the adoption of more large-scale, intensive farming techniques (and, in Brazil's case, the depreciation of the real). Less obviously, there was a technological change in the production of coffee that has improved the taste of the cheaper robusta bean (produced in Vietnam), a productivity increase benefiting Northern consumers (Lindsey 2004, 5).

If fair trade advocates are concerned about low prices in the coffee market, then according to the movement's corporate targets, they are doing a great disservice to producers by attempting to maintain a minimum price. In a free market, they instruct, the reduction in price forces high cost producers out of the industry, reducing supply, forcing the price back up and restoring profitability to the remaining firms. The big roasters claimed that while fair trade's attempt to keep producers in the industry with a minimum price may be well intentioned, by preventing the price mechanism from working, it actually exacerbates the problem (McAllister 2004; Nestlé 2003, 4). Kraft claimed that the minimum price offered by fair trade means that it, 'operates outside the normal trading system' (Kraft 2008a). For their part, P&G dismissed the very concept of fair trade's minimum price, stating that their policy was to 'pay prices based on the marketplace' and defending that policy by saying that '(we) must do so in order to maintain competitive prices for our consumers' (P&G 2003, 28).[1] Solutions to low commodity prices that 'work with the market' require producers to exit the industry, which coffee companies are quick to portray as diversification into other food crops or voluntary employment in the wage labor force (Nestlé 2003, 5), rather than as the mass exodus of small-scale producers into coca production, the urban informal sector, and/or further poverty. Corporations maintain a Malthusian mantra: a price floor for farmers will result in too many farmers producing too much coffee. The National Coffee Association (NCA) argued, more generally, that the definition of sustainability 'means coffee is bought and sold based on the free trade model' (NCA 2004) not fair trade's perceived interventions in the free working of the market.

The second market-based solution put forward by the coffee companies was to increase prices through product differentiation, both in the form of niche quality markets and the more intangible brand associations of modern marketing. Nestlé and Kraft have publicly stated that marketing (both for the industry as a whole, and their brands in particular) is an important component of reestablishing a higher price (Baue 2003, 2; Nestlé 2003, 12). One of Nestlé's advertised means of addressing the producer crisis in the coffee industry is their participation in the International Coffee Organization's (ICO) 'Positively Coffee Initiative,' which aims at 'increasing consumption by projecting a positive image of coffee among the public' (Nestlé 2003, 15). In fact, Nestlé chief executive Peter Brabeck-Letmathe was quoted as saying that a fair trade supply side solution to the crisis is unworkable and that 'The primary and most direct responsibility of companies like Nestlé lie on the demand side, with the promotion of coffee consumption' (McAllister 2004). Kraft argued that, 'by actively growing the market for coffee, we create demand—not just for Kraft coffees, but also for the coffee grown by farmers that supply us' (Kraft 2008b, 3). To include both specialty coffees and marketing as possible means to access price premiums through product differentiation, but exclude fair trade's concentration on process seems like a rather arbitrary, even self-contradictory, decision. However, as we will elaborate later, this decision reflects the different opportunities for profits between the two types of differentiation by continuing to hide the conditions of production. Of course, this type of marketing contributes to commodity fetishism rather than challenging it.

Preemption: Appropriating fair trade goals

In the early days of the incursion of the fair trade label in the coffee market, the corporate coffee world was quick to criticize the fair trade production criteria, but they took a more conciliatory tone on some of its goals. Fair trade coffee highlighted the plight of the small-scale producer and the environmental problems caused by large-scale, sun systems of coffee growing. On both of these issues corporations have taken pains to demonstrate that they are sympathetic to these problems and have taken concrete steps to rectify them. The primary manifestation of this is the industry-wide adoption of the language of corporate responsibility and caring. All of the coffee companies now prominently display their commitment to corporate social responsibility on their web sites, carefully documenting the steps that they are taking to become good global citizens by improving the welfare of suppliers and contributing to environmental sustainability. The coffee companies have used a variety of approaches aimed at addressing the criticisms of fair trade but in a manner over which they have more control: charity, shortening the supply chain, quality improvements, and offering ethically produced substitutes. The coffee companies' own statements in these areas are useful in outlining their solutions to the problems raised by the fair trade critique. Table 5.3 provides a summary of corporate responses to the fair trade movement's demands with regard to improving producer welfare and improving environmental conditions of production.

Charity as community development

Fair trade coffee was originally restricted to farms organized into cooperatives because the social control of the surplus made possible by a democratic ownership structure makes possible a greater commitment to community wide social projects such as housing, health, and education. The coffee companies have all pointed out that they have also fostered these types of programs through their charitable donations. For example, Kraft donated $83 million to charitable causes in 2006 (although a substantial $58 million of this was in kind). A particularly snide critic might point out that this represents a grand total of 0.2 percent of Kraft's $37 billion dollar net revenue. Putting that number into a more understandable context, 0.2 percent of a family income of $75,000 would amount to annual charitable contributions of $150. There are no specifics about just how much of Kraft's charitable largesse is dedicated to social programs for its coffee suppliers, but it does highlight some specific programs. It helped pay for food and schooling for children on coffee plantations in Panama and donated to Save the Children USA, which works in many of the coffee growing communities (Kraft 2008b, 31–33). In a similar vein, in 2010, the Kraft Foods Foundation donated $2.25 million over three years to 'Health in Action,' a program that works through schools to help alleviate malnutrition in Brazil (Kraft 2010).

Even when some coffee companies attempted to publicize their charitable works it sounded a little underwhelming. Sara Lee's charity has been almost exclusively in the North. Its 2011 sustainability report did, however, contain one reference to its good works in the South: 'When destructive flooding and mudslides pounded Rio de Janeiro, Sara Lee Brazil donated instant coffee, coffee filter units, chocolate mix, clothing, hygiene products and other items collected by employees to assist victims' (Sara Lee 2011, 51).

Starbucks made more substantial contributions. In 2009, Starbucks gave $17 million cash and in-kind to 'community building programs' (Starbucks 2009b, 8). This charitable work included almost $500,000 over three years for an education program in Ethiopia and $1.5 million over four years for an education program in the highlands of Guatemala in partnership with Save the Children (Starbucks 2008, 56). In addition, in 2011 when customers bought a Starbucks 'RED' product (or used the 'RED' card), the company donated to the Global Fund that helps coffee communities in Africa hit by HIV/AIDS (Starbucks Corporation 2011).

Corporate charity programs, however, are no replacement for community control of social investment. The very conventional charitable responses of the coffee companies fall well short of the much more transformative notion of 'economic justice,' which is the stated goal of fair trade. First, charitable contributions are highly discretionary, at risk of being pulled in response to declining profits or a diminishment in what Brammer and Millington (2004) call 'stakeholder pressure.'[2] For example, Starbucks charitable contributions were cut in half between 2006 and 2007, from $36 million to $18 million (Starbucks 2008, 9). Second, charity legitimizes the power relationships that characterize the economic relations between corporations and the people who produce for them, and between the North and the South more generally. A sense of *noblesse oblige* characterizes charitable giving, and the limits of corporate 'social responsibility' are swiftly encountered once some of the most visible symptoms of unequal power (malnutrition, illiteracy, visible exposure to toxins) are treated. More profoundly the distinction between corporate charity and fair trade's economic justice is centered around who will control the economic surplus. The charity solution ensures that the surplus resides with the corporation and that income transfer to the producers will be at the corporation's discretion. The income transfer to cooperatives made possible by the conditions of fair trade coffee increases the surplus going to producers in the South and increases the range of economic decisions that are democratically taken.

It is crucial that the fair trade movement continues to frame its activity in terms of decommodification and economic justice (rather than the warm glow) that attempt to alleviate the relations of power and inequality that make charity both necessary and insufficient. Further it would be consistent with the goal of alleviating commodity fetishism for fair trade to actively encourage people to understand the difference between the two very different methods of improving producer livelihoods. While both the fair trade movement and their corporate targets are focused (to varying extents) on the redistribution of income from the North to the South and from corporations to small farmers, the vehicles of that redistribution—justice and charity—are radically different.

This is as true for charity at the individual level as it is at the corporate level. Charity functions by providing givers a psychological *niche* of altruistic fulfillment in a system that otherwise heavily discourages more meaningful and effective avenues of social change. As such, it can devolve into the charity givers' dependence on the receivers' material dispossession (Zelizer 1994). In this way, it is not only that charity fails to change (and in fact exists precisely because of) fundamental injustices in social, economic, and political relations. Charity can actually help dull incentives to take on the hard work of fundamentally changing such deep relational pathologies. In this view, charity is a niche coping strategy for concerned Northern individuals, and a marketing strategy for corporations, not a strategy for social change geared at producing a just system of production and exchange.

Fair trade, it must be noted, is not a system that transfers income from Northern consumers to Southern producers without strings attached. Producers, as pointed out in Chapter 2, must comply with an extensive set of criteria if they wish to remain certified and eligible to sell within the fair trade system. Additionally, producers commit to spending the fair trade premium on 'investment in social, environmental or economic development projects' (FLO n.d.) and not on whatever they might see fit to spend it on. Producer groups do face significant hurdles in complying with the fair trade criteria. Failure to remain in compliance does (after an extended process designed to bring groups back into compliance) result in decertification, and producers' participation within the decision-making processes of fair trade (establishing production criteria, minimum prices, premiums, *etcetera*) is limited, since they hold only four of 14 seats on the board of the FLO. Given the structural imbalance within the movement between Northern and Southern representatives, fair trade's transfer of income to the South is not unconditional. However, fair trade is by no means afflicted with the same caprice as charity. It is understood by its participants as a restructuring of exchange in order to make it more just, rather than as an act of generosity undertaken by altruistic or guilt-ridden Northerners. Through a democratic process, producers exercise control over the precise allocation of the premium, as long as it remains within the boundaries of social, environmental, or economic development. Nonetheless, the movement must reckon with the fact that fair trade's bureaucratic structure privileges its Northern partners, and makes income transfers conditional. We return to these issues in the conclusion.

Shortening the chain and paying farmers more

Fair trade coffee also attempts to shorten the commodity chain by cutting out intermediaries so that a larger proportion of the final price remains with the producer. Nestlé claims to do much the same thing with its direct buying program, called Farmer Connect. In countries in which Nestlé has a factory, it has set up stations at which 89,000 tonnes of coffee was purchased directly from producers in 2010 (Nestlé n.d.). The plan was to double this amount by 2015, but direct sales have been declining rather than expanding. Twelve percent of Nestlé's total, that is 94,000 tonnes of coffee were purchased through the direct buying program in 2009 (Nestlé 2009, 76), down from 110,000 tonnes (14 percent of the total) in 2002. Nestlé did not provide any detailed information on how much extra it is paying farmers under this program, although in a 2003 report, it did claim that at one buying station in Thailand it paid 1.5 to 2 times as much as local traders (Nestlé 2003, 6).

The benefits of the direct-buying program should not be dismissed, as it certainly permits the small-scale producer to obtain a greater share of the final retail price. It is worth noting that Nestlé, which has the largest processing presence among coffee companies in the producing regions, is the only firm that is engaged in this practice and it operates this program only in the eleven countries in which it has factories. While the program may not be widespread, it is certainly the type of initiative that could improve incomes for producers without running counter to the profit maximizing requirements of coffee companies.

Training and quality differentiation

Companies have also provided money to improve the quality of coffee as a way to increase coffee producers' incomes. For example, in 2011 Nescafé in the United Kingdom promised to provide '220 million coffee trees to farmers around the world by 2020,' a move that should increase both the quality and yield (Nestlé n.d.). They also have ambitious plans to 'invest 350 million Swiss francs ($381 million) through coffee plant science by 2020' (Nestlé 2009, 18). Both Nestlé and P&G/Smucker's (The Smucker's jam magnates bought Folgers from P&G in 2008) have donated to TechnoServe (motto: 'Business solutions to rural poverty'), to implement programs to help farmers improve the quality, and thus the price, of their coffee, and to explore alternatives to coffee production

(Nestlé 2009, 31; P&G 2003, 27). Smucker's, alone among the big industry players, also contributed $300,000 as a founding member of World Coffee Research, whose goal is to 'improve, and protect supplies of quality coffee to fuel the growth of the dynamic coffee industry' (Borlaug Institute 2012). Not to be outdone, Starbucks had its own loan program ($14.6 million in 2010) aimed at increasing 'access to education and agricultural training' (Starbucks Corporation 2011).

Improving the quality of coffee harvested by producers is also an important objective of fair trade organizations, which feel that it is the consumers of high quality, specialty coffees who will be more willing to pay a price premium. The distinction between fair trade and coffee companies is that fair trade differentiates its coffee on the basis of production process, but feels this will not be possible unless its coffee is of reasonable quality. The coffee companies, on the other hand, are more interested in differentiating on the basis of quality, without making a commitment to the process by which the production takes place, arguing that the price premium will trickle down to producers. This is an important distinction, highlighting both the coffee companies' general unwillingness to differentiate on the basis of production differences, especially social (as opposed to environmental) conditions, and their enthusiasm for virtually any other form of differentiation.

Corporate social responsibility and substitute labels

Kraft, Nestlé and Sara Lee were also founding members of the Common Code for the Coffee Community (4C), which the industry claims will foster sustainability in the mainstream coffee chain.[3] The 4C is the industry's own initiative to define just what constitutes a responsible supply line, although the big industry players did work with organizations like Oxfam and Rainforest Alliance to formulate their definition. Like fair trade, the 4C stipulates social and environmental conditions of production. It is also important that the 4C uses an independent certifying body to determine the extent to which organizations are meeting the criteria. However, the standards of the 4C are dramatically different from fair trade. First, the 4C is open to all forms of production organization from smallholders to estates, although in some ways it favors larger organizations since producers must be organized into sufficiently large structures to make up a 4C unit. Second, the production conditions are relatively minimal. For example, organizations will be denied 4C membership only if they use the 'worst forms' of child labor, forced labor, prohibit unions, cut down forests in a designated protected area, use pesticides banned under the Stockholm convention, or are involved in 'immoral transactions' according to international covenants or national law (4C Association 2012a, 3).

In addition to these strict taboos, organizations are ranked on a green, yellow, and red scale across a number of criteria on social, environmental, and economic dimensions. However, the conditions on these dimensions are less strict than the conditions behind fair trade labels. For example, the criteria for fertilizers states that 'fertilizers are used appropriately.' It also states that workers should have a labor contract, that hours and wages comply with national laws, and that workers have the right to bargain collectively (4C Association 2012a, 7–14). The fact that these fairly low standards needed to be formalized is more a confession of the current brutal practices that exist in the industry than an enlightened code of production. It is an incredibly poor substitute for the independence afforded coffee workers by the fair trade stipulations. Organizations are required to meet at least an average yellow ranking, although they are encouraged to strive for green on all criteria. The yellow ranking is not particularly difficult to attain. A yellow rank in the pesticide criteria requires that, 'steps are taken to avoid the most hazardous application, storage and disposal practices' (4C Association 2010, 16–18). In the labor contract, a yellow grade only requires that 'informal but transparent contractual arrangements are used' (4C Association 2010, 7). Even if organizations are rated red in any of the criteria, as long as they can tick off an offsetting green box in another category, they will still get certification (although the offending practice must be eliminated within two years).

The pricing commitments of the 4C are also vastly different from the minimum price required by fair trade coffee. The 4C states that prices should 'reflect the quality of the coffee' although the definition of quality does include 'the 4C production process' (4C Association 2012a, 24). Perhaps more importantly each contract is individually negotiated to distribute the costs (certification) and benefits between buyer and seller. So the extent to which producers are rewarded for meeting the 4C standards, and who will bear the burden of costs like certification is dependent on a process of negotiation that is unlikely to favor the small producing organizations over the large purchasers. As a result, it is entirely possible that the costs of meeting these criteria are borne by the producer, while the benefits go to the buying companies.

The 4C is still in its early days and so it would be hasty to jump to conclusions. However, in addition to the worryingly low criteria, and lack of protection for producer organizations, the 4C lacks even the modest transparency of the fair trade coffee label. Because of the inclusive nature of the 4C and its 'average yellow' criterion for compliance, coffee produced under the 4C system can represent very different production conditions. It might be produced on a small farm that belongs to a strong, democratic cooperative and practices ecologically sustainable shade grown cultivation. Conversely, it could belong to a large estate that has only the most limited of rights for its workforce and practices large-scale industrial agriculture. In addition, because the coffee industry does not want to highlight the fact that much of its product does not meet these standards, the 4C logo does not appear as a label on coffee packaging, but on member organizations websites, brochures, or other publicity materials (4C Association 2012b). Thus, consumers have no means by which to choose between coffees produced with the 4C standards, minimal though they may be, and those without. The 4C may involve some small gains for producers, but it is dramatically different from fair trade coffee in its impact on the consciousness of Northern consumers. The very point of fair trade labeling is to highlight the inequality between different production processes, decreasing the extent of commodity fetishism. By hiding the extent to which 4C coffee is any improvement over existing practices, failing to be transparent about the large differences between producers included under the 4C standards, and failing to allow consumers, even in the most rudimentary way, to distinguish between 4C and non-4C coffee, the industry guidelines do nothing to diminish the fetish of commodities.

Finally, even with a relatively low requirement base, only a small proportion of conventional coffee is 4C verified. 4C has touted its growth in press releases stating that purchases of its certified coffee more than doubled between 2009 and 2010, reaching 48,000 tonnes (4C Association 2011). Yet despite the rapid growth, this was still a lower quantity than any of the labeling schemes. Only a small fraction of coffee that was produced was done under the 4C verification, and of that fraction, only a very small portion was then purchased as 4C verified. In the 2009–2010 year, only 386,000 out of the total potential 4C certified production of 8 million bags (5 percent) were purchased as 4C verified because of a lack of demand (4C Association 2010, 5). It would appear that despite its much less rigorous standards, the very coffee companies that set up 4C are not yet committed to purchasing from it. The gap between production and purchasing in 4C was part of the driving force behind their change from 'supplier driven' to a 'demand-driven' business model in 2011 (4C Association 2010, 4–7).

Rather than signing on to the 4C, Starbucks opted for its own, in-house certification scheme called coffee and farmer equity (C.A.F.E.)

practices, which was introduced in 2004. Unlike many of the Big Four roasters, whose corporate social responsibility reports are little more than publicity exercises telling feel-good stories about their wonderful work, Starbucks' report does actually contain meaningful information on its activities. Much like the 4C standards, Starbucks' C.A.F.E. practices are a corporate attempt to engage in sustainable production on its own terms. Indeed, there are some predictable similarities between the two sets of criteria. For example, C.A.F.E. also permits all types of ownership structures in its suppliers, from family farms to large estates. The only production process criteria that must be met are that wages and benefits meet the legal minimum, the use of child labor is restricted and forced labor eliminated. The other mandatory requirements are all about meeting Starbucks' minimum quality standards and supply chain transparency (Starbucks Corporation 2007, 7). The remaining criteria on social and environmental guidelines do not have to be strictly followed. Rather, suppliers are ranked into strategic (over 80 percent), preferred (60–79 percent) and verified (less than 60 percent) suppliers according to the extent to which they meet the criteria.

As of 2011, the criteria in the C.A.F.E. standards were not especially rigorous. The social criteria were largely generic standards to establish a minimum level of workers' rights. For example, the criteria of freedom of association stated that suppliers should, 'ensure that workers have fair representation and that workers' rights to organize and negotiate freely with their employers are guaranteed in accordance with national laws and international obligations (ILO Conventions 87 and 98)' (Starbucks Corporation 2007, 7). The category of worker conditions stated that workers and their families should have access to education and health care. The environmental criteria were slightly more rigorous, including guidelines for protecting water resources, controlling soil erosion, and conserving biodiversity. For example, where coffee is grown in areas originally covered by forest, a natural shade cover system must be used. Farm managers must also not use certain chemicals, should take measures to prevent soil erosion and control water contamination from sediment and fertilizer run off (Starbucks Corporation 2007, 9–12). Again it is worth stressing that all of these quite minimal criteria did not have to be met.

Starbucks argues that the reason for this inclusive set of guidelines for C.A.F.E. practices is that it wants to use the carrot rather than the stick. Instead of abandoning rascally suppliers Starbucks argues that it is more productive to work with them in an effort to improve conditions.

According to its own figures, Starbucks' suppliers are meeting more of the criteria. In 2006 only 19 percent of its suppliers met the 80 percent compliance rate necessary to be ranked a strategic supplier while an alarming 69 percent failed to meet the minimum 60 percent compliance rate, relegating them to the verified category. By 2007, this had improved considerably. Strategic suppliers made up 34 percent of C.A.F.E. suppliers, while only 34 percent remained in the verified category (Starbucks Corporation 2008, 29). The constant improvement, which Starbucks claims is one of the goals of its program, seems to have stalled in recent years, however. Between 2008 and 2010, only 30 percent of the organizations involved in the verification process improved their ethical score, while 10 percent actually fared worse (Bambi Semroc et al. 2012, 23).

Starbucks has rapidly increased the amount of coffee purchased under the C.A.F.E. banner. Eighty six percent of their total green-coffee purchases were part of the C.A.F.E. scheme in 2011, up considerably from 53 percent in 2006 (Starbucks Corporation 2008, 29; 2011). Since the standards were introduced in 2004 and 2011, there was a serious effort by the company to implement the program and increase its purchasing. However, it is less clear that the Starbucks guideline system (in which C.A.F.E. suppliers only have to meet a few, very basic criteria and are then encouraged to improve their compliance score on other measures), is having its desired effect of continuous improvement.

Starbucks also claims that, although it does not guarantee farmers a minimum price or a social premium, it 'purchases only high quality Arabica coffee beans, paying the prices that premium quality commands' (Starbucks Corporation 2008, 20). As a result, Starbucks boasted that it paid an average of $1.47 per pound for premium green coffee in 2009 (Starbucks Corporation 2009c). The overall coffee price spike in 2011 caused this to increase to $2.38 per pound (Starbucks Corporation 2012). How this amount is distributed along the supply chain back to the actual producer is not clear. Starbucks provides only one anecdote, in which $1.32 out of the $1.37 paid by Starbucks went to the producer (Starbucks Corporation 2008, 20). However, just how representative this was of the broader Starbucks supply chain was not revealed. Indeed, if Starbucks were trying to put their best foot forward in their report, which would seem to be the sensible thing to do, then it is most likely that this distribution number paints a more favorable picture of producer rewards than the average. It is also worth noting that the Starbucks price has historically been about the same as the average ICO price for Columbian mild Arabica ($1.39/lb in 2009 and $2.4/lb, in

2011), although, as we saw in Chapter 3, only a fraction of this goes to the producer.

In addition to creating company or industry production schemes in response to public concern about the destructive social and environmental impacts of conventional industry practices, coffee companies have started offering products with independent certification. These schemes are similar to fair trade in that they are independent, or third party, certification, containing standards and rules that are set by an NGO rather than the company itself or an industry association. The rise of ethical consumption has resulted in a proliferation of third-party labeling schemes, providing corporations looking to hitch their ethical wagon to an independent horse with a large stable of alternative choices. Third-party certifications vary widely in their social and environmental rigor depending on the particular goals of its governing NGO and the precise standards it chooses to meet these goals.

Both P&G/Smucker's and Kraft have agreed to offer coffee certified by the Rainforest Alliance (RA). As its name suggests, the RA is primarily concerned with protecting the rainforest, creating a certification scheme that is more environmentally than socially oriented. RA coffee sales expanded rapidly through the 2000s. In 2003, RA sold 3,000 metric tonnes of certified coffee. By 2007 that had grown to 45,000 and by 2010 exploded to 115,000 (see Table 5.1). Kraft has been especially keen on using the RA seal to signal its ethical intentions. In 2006, Kraft purchased 11 million kilograms of RA certified coffee, by 2009 that had tripled to 34 million kilograms (Kraft 2012). In 2011, Kraft had RA labels on nine of its brands, including Nabob in Canada (60 percent of which was RA certified beans as of 2012) (Kraft 2012). Kraft has not only supported RA through its purchasing, it is one of several

Table 5.1 Sales volumes by coffee certification initiatives (metric tonnes)

	2003	**2006**	**2007**	**2009**	**2010**
Rainforest alliance	3,000	25,000	45,000	88,000	115,000
Utz certified	14,000	36,000	53,000	82,000	122,000
Fair trade	20,000	52,000	62,000	74,000	88,000
Total	37,000	113,000	157,000	244,000	325,000

Note: The RA volumes (except 2009) are in presented in pounds in its Annual Report. It has been converted into MT at a rate of 2,204 lbs = 1 MT.
Sources: FLO Annual Report 03–04, 2007, 2009, and 2010; Rainforest Alliance Annual Report 2007, 2009, and 2010; Utz Certified Supply and Demand Update 2007 and Utz Certified Annual Report 2009 and 2010.

big corporate donors. Along with other household names like Nestlé, Citigroup, Estée Lauder and Unilever, Kraft contributed over $100,000 in 2010 (Rainforest Alliance 2010, 29).

The RA's strategy of engagement with the corporate community resulted in standards that were quite different from those guaranteed by fair trade under the FLO certifying scheme. Most obviously, RA's standards made room for large-scale farms. They also had no minimum price guarantee, although they did claim that farmers can earn from 10 to 60 cents above the market price for a pound of green beans (McAllister 2004). In their detailed study of coffee certification labels, Raynolds et al. (2007, 156) provide this telling quote from a RA representative: 'At times companies turn to us because they don't want to pay the fair trade price. We don't force it.' Third, RA allows the use of its frog label even if only 30 percent of the beans in the blend are RA certified, although if RA beans make up less than 90 percent of the total, a qualifying statement on the proportion of RA and non-RA beans must appear on the label. This is in stark contrast to FLO's insistence that all of the beans must be fair trade certified in order to use the label.

Fair trade does offer a range of 'composite commodities' (that have more than one main input, as opposed to a 'single' commodity like coffee) that do not require 100 percent fair trade content. For example, only 50 percent of the different type of flowers that would make up a bouquet needs to be produced under fair trade conditions to use the label. If one of the goals of fair trade is to encourage transparency in the production process in an effort to combat commodity fetishism, setting different standards for different products that all get the same label is a problematic tactic. FTUSA is attempting to address this by licensing a distinct label for mixed ingredient goods, some of which are fair trade certified. The low bar (10 percent) on their initial draft standards for mixed ingredients drew considerable criticism from the fair trade community, forcing FTUSA to revise them upward (to 25 percent). FTUSA also attempted to follow RA's lead by allowing their 'whole product' seal (suggesting that the whole commodity is produced and exchanged under fair trade conditions) on products with just 25 percent fair trade content. This was also revised up to 95 percent in response to resistance within the US fair trade community.

In its 2010 standards, the RA had two types of criteria: 15 critical standards, all of which must be followed, and noncritical, 80 percent of which must be followed. The critical criteria contain environmental standards like prohibitions on hunting wildlife, habitat protection, and no destruction or alteration of forests. It also stipulated a few, quite basic, social conditions like not employing forced labor, paying the legal minimum wage, and paying workers in legal tender (Sustainable Agriculture Network 2010, 19–27). The non-critical criteria included a wide variety of environmental and wildlife protections from creating biocorridors to maintaining buffer zones for parks. Again, the social criteria were less rigorous and included a number of criteria that, in an ideal world, would not need to be stipulated, like not allowing employers to ask workers for money in exchange for employment, making overtime voluntary, the right to collective bargaining, a sufficient supply of toilet paper, and access to drinking water (Sustainable Agriculture Network 2010, 24–28). Interestingly, for a mainly environmental certification system, farmers were allowed to use agrochemicals, although they should be 'minimized' and a few particularly damaging culprits were forbidden (Sustainable Agriculture Network 2010, 40).

In their comparison of certification initiatives in the coffee industry, Raynolds et al. (2007) are quite critical of the RA certification criteria. They describe the RA social conditions as guidelines to protect farm workers from the worst form of labor abuses, while fair trade encourages 'broader social development.' Perhaps surprisingly given its environmental focus, the authors also find that the RA's environmental guidelines on agrochemicals are weaker than organic certification and its shade criteria are not as strong as the much smaller Bird Friendly certification offered by the Smithsonian Migratory Bird Center. Their overall conclusion is that the social standards of RA merely attempt to 'hold the bar' established by existing international conventions like the ILO, while the environmental standards improve the sustainability of coffee production, 'but only incrementally' (Raynolds et al. 2007, 156–157).

The relatively new kid on the ethical labeling block is Utz Certified (UC). UC was started by the Dutch coffee retailer Ahold, but became an NGO, which places it somewhere between an in-house corporate and a genuine third-party certification. It enjoyed tremendous growth thanks to its collaboration with the large players in the coffee industry. Its approach was nicely captured in its promotional literature, which claimed that UC, 'meets (the) criteria for efficient farm and responsible production in a market-oriented way' (Utz Certified n.d.). In contrast to fair trade coffee's emphasis on supporting small-scale producers, UC positions its label as a signal of professional farm management. It also creates product differentiation through its coffee tracer program that allows customers to know exactly where their bag of coffee came from. This is supposed to create a price premium for specific coffee origins as people become attached to their favorite region's (or producer's) bean.

In addition to Ahold, UC's big purchaser is Sara Lee, but Walmart, Tchibo, and McDonalds are also notable clients. Their sales' growth has been impressive, from 14,000 tons in 2003 to 82,000 tons in 2009 to 122,000 in 2011 (see Table 5.1).

Like fair trade and RA, UC is an independent certification body, with third-party inspections. However, its commitment to flexibility and desire to meet the certification needs of its large corporate clients resulted in a different set of criteria compared to both RA and fair trade. Like RA, but in contrast to fair trade, UC is open to all types of producer organization and does not insist on a minimum price. In the 2009 version of its standards, UC required that all its certified coffee farms meet a number of mandatory conditions within four years of application, but set a very low bar for its social and environmental criteria. Genetically modified coffee was allowed as long as UC and the buyer were notified. Producers must keep an up to date list of fertilizers. No human sewage could be used on coffee nor should crop protection products that were banned in the EU, Japan, or United States (Utz Certified 2010, 13–19). Socially, farms had to provide their workers with protective clothing, reasonable living quarters, and safe drinking water. They also had to obey the standard certification prohibitions drawn from the ILO and used by RA—from the use of forced labor, to forced overtime, to paying less than the legal minimum wage (Utz Certified 2010, 22–24).

This more-flexible, market-driven approach won over Sara Lee, which abandoned the 4C in 2010 in favor of an ethical strategy that relied almost entirely on UC. Sara Lee doubled its UC coffee purchases, from 20,000 tonnes in 2008 to 40,000 in 2010 (Kolk 2012, 84). The reason that Sara Lee opted for putting most of its ethical eggs in the UC basket was that UC standards could easily meet mainstream demands that certification cover all types of coffee, farms, and production systems. It was also keen on UC's market based pricing mechanism. Overall, adoption of UC had a lower cost than other labels while offering a more credible and transparent ethical alternative to 4C (Kolk 2012, 84).

Raynolds et al. claim that the UC certification is even less progressive than that of RA. Its origins as an in-house certification of a large coffee retailer resulted in a modest set of social standards. Like RA's social standards, UC focuses on worker protection rather than creating labor rights or social development. Its environmental criteria are less stringent than that of RA. In general, they argue that UC can, at best, be described as holding, as opposed to raising, the bar on these two dimensions. They conclude that UC was used to 'legitimate a system that appears to cement the power of the dominant distributors' (Raynolds et al. 2007, 159).

As a result of the emergence of these competing labels, fair trade has had to share the spoils from the ethical certification market in coffee. As Table 5.1 demonstrates, the market for certified coffees is expanding at a remarkable rate. All three of the labeling initiatives have benefited from this growth. However, Utz Certified and RA have grown more rapidly than the fair trade label, surpassing it in terms of sales volume.

In the midst of this proliferation of competing certification systems and the adoption of industry codes of conduct, a few of the coffee companies reversed their historical refusal to offer fair trade (Roosevelt 2004, 4). Starbucks, Nestlé, and P&G/Smucker's offered limited quantities of fair trade coffee as part of their overall coffee empires. Starbucks offers fair trade among its brands, but its availability in both bean and cup form is sporadic at best. Starbucks' preference for its own in-house C.A.F.E. standards over fair trade in the ethical market is apparent from a quick glance at its sales figures. In 2009, Starbucks sold 136 million kilograms of C.A.F.E. coffee (81 percent of its total) and 18 million kilograms of fair trade (11 percent of its total). In 2011, C.A.F.E coffee increased to 86 percent of total sales, while fair trade slipped to 8 percent (Starbucks 2011, 8). It should also be remembered that even these modest fair trade sales came only after Starbucks was threatened with a national boycott in the United States by the fair trade NGO Global Exchange (James 2000). Its reluctance to fully engage with fair trade was nicely illustrated in its own promotional literature surrounding its participation in 'Fair Trade Month 2007,' the sum total of which appeared to be, 'featuring Café Estima Blend twice as the Coffee of the Week in our US stores' (Starbucks Corporation 2008, 30).

When P&G/Smucker's launched a fair trade line called Mountain Moonlight under its gourmet Millstone brand, it claimed that it had 'a goal of being a leading fair trade seller,' by importing two to three million pounds of fair trade coffee per year at some point in the near future. However, should even this quite vague commitment be realized, three million pounds represented far less than 1 percent of P&G/Smucker's annual coffee purchasing (Reiber 2004). Like Starbucks, P&G/Smucker's only made this tentative step because of activist pressure. Shareholders and coffee advocacy groups filed a shareholder resolution in 2003 requesting that the company review its coffee purchasing policies in light of the coffee crisis. When P&G launched Mountain Moonlight, the resolution was withdrawn (Orth 2003). Smucker's did not make any revolutionary departures from P&G's tentative approach when it took over. As of 2008, only 0.5 percent of the coffee sold by P&G/Smucker's was certified by RA, fair trade or organic (Kolk 2012, 83), although its 2011 Corporate Social Responsibility report did contain the vague promise to increase its purchasing of certified coffee (some of which may or may not be fair trade) over the next five years (Smucker's 2011, 19).

As we highlighted in the introduction to this chapter, Nestlé has also taken some hesitant steps toward offering fair trade. Nestlé sells fair trade certified Partners' Blend as a very small part of its overall coffee selection. Partners' Blend was originally offered in the UK, but its success has convinced Nestlé to expand the brand into Ireland and Sweden. However, this success needs to be put into perspective. Like P&G/Smucker's commitment, this represents a very small fraction of overall Nestlé sales. In 2006, Nestlé purchased approximately 750,000 tonnes of coffee, which amounted to about 12 percent of total world production (Mitchell and Dawar 2006, 11). In the first year selling Partners' Blend, Nestlé planned to purchase 300 tonnes from each its two sourcing cooperatives in Ethiopia and El Salvador (Mitchell and Dawar 2006, 11). This total of 600 tonnes amounted to an infinitesimal 0.08 percent of Nestlé's coffee purchases. By 2008, Nestlé had increased its fair trade purchases to 2,000 tonnes but this still only represented 0.25 percent of its total coffee buying (Kolk 2012, 83). Although it did offer a very limited amount of fair trade, its approach to ethical production was more to market the ethical benefits of its own practices than to get involved in any third-party certification system. This was nicely summed up in its official statement on coffee certification in 2012. 'Currently, there are no plans to market certified coffee to consumers. We believe that our own Responsible Sourcing platform . . . offers a more targeted approach than certification alone' (Nestle n.d.).

Assessing corporate response: Movement 'outcomes'

A wide range of options were, and are, open to corporations in their strategic responses to the fair trade movement. At the one extreme, corporations could do absolutely nothing, while at the other they could sell 100 percent of their coffee as fair trade. In general, companies are much closer to the 'do nothing' end of the spectrum as even Starbucks, the company that has been most amenable to fair trade, has limited it to niche market products. In order to get a little more precision, we apply our observations of the corporate response to the fair trade movement to Gamson's (1975) schema for assessing social movement outcomes. Of the raft of such schemas available from the social movements literature (see Giugni 1998 for a review), we have chosen Gamson's early model since it seems the most straightforward and relevant to our

Table 5.2 Possible movement outcomes

	Acceptance: Full	**Acceptance: None**
New advantages: Many	Full response	Preemption
New advantages: None	Co-optation	Collapse

concern about whether goading the coffee companies will likely result in lasting benefits for producers. It is not perfectly accurate to speak here of 'outcomes,' as Gamson does, since the movement challenge is ongoing. However, the response both in terms of its rhetoric and content are well-enough formed that we can discern the strategies and goals of the corporate countermobilization. These movement trends are early indicators of probable outcomes. Following Gamson's (1975) typology, we dissect the corporate response to fair trade's incursion into the coffee market on two outcome dimensions: acceptance and new advantages (see Table 5.2). Acceptance means a change in the relationship between the challenging group, the fair trade movement, and its antagonists—the coffee companies (Gamson 1975, 31). If the potential beneficiaries of the challenging group—coffee producers and consumers—receive what fair trade sought for them, then they are said to have received new advantages (Gamson 1975, 34).

At the end of the first, mobilizing phase of the fair trade movement, the producers and consumers who were the 'Phase I' targets of the movement *tended toward* full response. Northern consumers sympathized with movement goals and the dominant frame of decommodifaction and economic justice resonated with a small, but significant and growing portion of the public. But the heavily concentrated coffee market created structural impediments to increasing consumers' access to fair trade. Even gaining space on supermarket shelves becomes problematic given the structure of the system of food distribution, in which new market entrants face high barriers to entry in the form of an established system of supplier payments to retail chains in exchange for shelf space (Vorley 2003). Of course, this is what prompted the Phase II strategy. The question for the next section, then, is to what extent the coffee companies that are the target of Phase II tend toward full response on both acceptance and advantages dimensions.

Acceptance

Acceptance of the fair trade movement implies organizational changes in the social movement and in its targets. At issue on this axis of analysis is whether the movement's targets view movement organizations as legitimate voices for producer and consumer interests, and whether corporations actively engage with fair trade organizations in attempting to address movement demands. The fact that some of the major coffee companies are willing to sell fair trade indicates a certain degree of legitimacy in the industry. Yet, this modicum of respect has been hard won. According to Robert Nelson, President and CEO of the National Coffee Association of USA, Inc., the big roasters had not discussed coffee labeling until 2002 (Subcommittee on the Western Hemisphere 2002, 93). Until then, the roasters attempted to deny that the fair trade organizations were legitimate representatives of coffee producers. The NCA flatly asserted that social responsibility was 'up to the roasters' to decide (Subcommittee on the Western Hemisphere 2002, 100). Fair trade leaders and members—organizers, certifiers, and producers—were not consulted by or included in the coffee corporations or their trade organizations. On the issue of the coffee crisis, the NCA preferred to meet with the World Bank, US AID, and the Inter-American Development Bank, rather than with fair trade organizations (Subcommittee on the Western Hemisphere 2002, 81). The NCA even tried to avoid mentioning the words 'fair trade' publicly, but did *monitor* fair trade's presence in the news.

A good illustration of industry's early resistance to the idea of fair trade was an episode that played out in California in 2002. Berkeley's Measure O—a ballot measure launched by Berkeley resident Rick Young—asked citizens to join many UK cities in deciding that coffee sold in town should be either organic or fair trade. The Chamber of Commerce fronted an opposing political group that it called 'Friends of All Small Farmers,' led by the Chairman of the Berkeley Chamber of Commerce Board of Directors and Senior Vice President for TransAction Companies. The Chamber hired a public relations firm executive to run its successful anti-Measure O campaign, with funding provided by publicly traded Peet's Coffee, Starbucks, P&G, and Kraft, as well as the Chamber's own PAC. The NCA came out publicly to denounce the measure, claiming that it would reduce overall coffee consumption and hurt producers. After Measure O was defeated, Green Coffee's Vice President Jim Reynolds said 'Hopefully this (defeat) will discourage similar initiatives in other (American) communities' (Gonzales 2002).

This dismissive or hostile approach started to change as the 2000s progressed. FTUSA now talks to the big roasters at the NCA annual meetings. The Fairtrade Foundation presented at an ICO round table in 2004 (Bretman 2004). In 2010, Fairtrade International, along with UC, RA, and 4C were participants at the Symposium on Sustainable Coffee Production in Brazil (4C Association 2010, 5). At the launch of Partners Blend fair trade coffee, Fiona Kendrick, managing director of Nestlé's beverage division said that, 'Fairtrade has a useful role to play in helping smallholder producers cope in today's global economy' (Nestlé 2005).

However, elements of the old, more hostile approach still remain. Sara Lee's affiliate Douwe Egberts took the Dutch province of Groningen to court for implementing a purchasing policy requiring all of the coffee it purchases to be fair trade certified. Douwe Egberts argued that this amounted to a discriminatory sourcing policy that violated free-market competition rules by excluding all other types of coffee (FLO 2007c). Although Groningen's policy was upheld in a 2007 preliminary injunction court, the fact that the claim was brought in the first place demonstrates the tension that still exists between fair trade and the large coffee corporations. In sum, fair trade's success outlined earlier has forced a degree of acceptance in the coffee industry. However, this acceptance has been only reluctantly granted and there still exists a certain amount of hesitancy on the part of the industry to deal with fair trade.

New advantages

At first, the major coffee companies attempted to dismiss or ignore the critique of conventional coffee production put forward by fair trade, worrying (correctly) that engaging with fair trade would imply that the rest of its coffee selection was produced and traded 'unfairly.' However, activist pressure and booming fair trade sales have forced the industry into a response. As we have seen earlier, these proliferating corporate policies do not meet fair trade grievances, but do constitute feints in the fair trade direction. They can be understood not merely as rational economic actions based on the strategic imperatives of maintaining brand value and expanding market share, but as a corporate countermovement designed to derail the fair trade train, and its accompanying criticism of conventional coffee production, before it can get up too much steam. The responses of each individual company to the demands of the fair trade movement are summarized in Table 5.3.

Although Starbucks definitely had its hand forced when fair trade activists saw its expansion as a real opportunity for fair trade to piggyback into the Northern market, it has made the most effort to genuinely meet fair trade's objectives. Selling 8 percent of its coffee in 2011 under the fair trade label made Starbucks a bit of a fair trade Viking among the major coffee companies. However, this is the most timid of Vikings.

Table 5.3 Movement demands and corporate responses

Movement demand	Corporate Response				
	Sara Lee	**Nestlé**	**Kraft**	**P&G/Smucker's**	**Starbucks**
Fair price for farmers	Increase consumer demand UTZ Certified price premium	Increase consumer demand Direct buying program 2005 launch of Fair Trade certified 'Partners' Blend' in UK. Expanded to Ireland and Sweden. Very small percentage of total coffee sales is fair trade	Increase consumer demand RA price premium	Increase consumer demand 2004 launch of Fair Trade certified coffee Mountain Moonlight to be sold to wholesale accounts (universities, restaurants) and online. Very small percentage of total coffee sales is fair trade 2004 launch of Millstone brand's new Millstone Rainforest Reserve RA certified coffee	2000 launch of fair trade certified coffee at Starbucks. Small percentage of total coffee sales is fair trade C.A.F.E. practices price premium
Price stability	None	Volatility 'inevitable,' (Wcbd) but has called for an international agreement to stabilize coffee prices (Oxfam report, www.maketradefair.com; assumedly under ICO auspices?) Fair trade	None	Worked with National Coffee Association to persuade the United States to rejoin the ICO (which it has) Fair trade	Fair trade

Poverty alleviation	Limited Charity. Most donations for Northern causes.	Technical assistance through 'Nestlé Agricultural Services' and TechnoServe to produce better quality coffee (focus on 'better use of fertilizers, productivity increase, and overall quality improvement.') For those unable to produce higher quality beans, switch to other crops, or 'other activities' (wage labor). Need to reduce tariffs on farm products from the South and phase out farm subsidies to Northern farmers Charity in coffee countries—food relief, education Fair Trade	'Kraft Cares' philanthropy programs	$1.5 million donated to TechnoServe to 'create long-term solutions that can make coffee growing profitable for as many people as possible, such as by improving the quality of coffee. Solutions for those who may not succeed at coffee growing include exploring alternative crops' World Coffee Research Charitable program: Live, Learn, Thrive Fair trade	Charitable contributions to organizations like Save the Children and The Global Fund Loans for education and agricultural training Fair trade
Reduced commodity dependence	None	Encourages switching to production of other commodities (some tech assistance) and shift to 'other activities' Fair trade	'Encourages' technical assistance, interim financing, and freer access to markets for transition to alternative crops	Fair trade	Fair trade

Table 5.3 (Continued)

Movement demand	Corporate Response				
	Sara Lee	**Nestlé**	**Kraft**	**P&G/Smucker's**	**Starbucks**
Ecological sustainability	4C member (until 2010) UC	4C member Fair trade	4C member RA	RA Fair trade	Charitable contributions to organizations like Earthwatch Institute, African Wildlife Federation and Conservation International Fair trade C.A.F.E. practices
Cooperative organization	None	Fair trade	Some RA coffee purchased from cooperatives	Fair trade	Fair trade
Increased control over commodity chain	None	Direct buying program Fair Trade	None	Fair trade	Fair trade
Integrated development	None	Charity: (e.g., helps finance construction, maintenance, and staffing of a junior high in Veracruz) Fair trade	'Kraft Cares' philan-thropy programs	Fair trade Charity: (e.g., helped finance school construction and operations in Huehuetenango)	Charity Fair trade

Reform of labor process.	4C member (until 2010) UC	4C member Fair trade		4C member RA	No use of child or forced labor, no business with vendors employing child, prison, indentured, or bonded labor, or using corporal punishment or other forms of mental or physical coercion as a form of discipline Fair trade RA	C.A.F.E. practices Fair trade
Altering the mentality of con-sumption (Seeing process)	UC	Fair trade		RA	Fair trade RA	Fair trade

Starbucks tentative fair trade offering is dwarfed by its more active promotion of its in-house, C.A.F.E. standards, which along with its charitable acts in coffee producing countries it sees as the real solution to sustainability issues in coffee production.

P&G/Smuckers and Nestlé responded to Starbuck's encroachment by introducing fair trade coffee into high end, niche market brands. In so doing, they have placed a small bet that fair trade will pay off. But their gamble was remarkably conservative with only an incredibly small fraction of their overall sales being offered under the fair trade label. In 2008, P&G/Smuckers had the lowest percentage of its coffee ethically certified by any of the independent 3rd part initiatives of all five of the big roasters (Kolk 2012, 83). Like Starbucks, these companies continued to tout the fairness of their regular production practices. Nestlé promoted the 4C version of desirable production, which covered only a very small portion of the coffee crop, had no visible label for consumers to distinguish certified from non-certified, and had very minimal social and environmental criteria. It also promoted its program of direct buying from producers, which had very uncertain benefits, but had the potential to transfer a portion of the benefits from eliminating the intermediary to the producer. Development and poverty alleviation goals for both companies were met largely through charitable works in coffee communities and improved business practices on coffee farms.

By 2011 Kraft had refused to include any fair trade arrows in its ethical coffee quiver. It had included ethical beans in some of its mainstream blends, but the RA certification it used did not contain the broader social development goals championed by fair trade coffee. Further, despite including RA in its mainstream brands, its purchases of even this less socially ambitious coffee made up only a very tiny proportion of its total sales (4 percent in 2008 (Kolk 2012, 83)). Like Nestlé, Kraft is a 4C member, and like all of the previously mentioned companies it engages in philanthropy in some of the coffee growing regions.

Like Kraft, Sara Lee has historically shown little support for fair trade. Its strategy reflects a perception that the threat to brand value and the prospects for increased market share do not outweigh the costs of participation in the fair trade system. The corporate line was succinctly summarized by a Sara Lee spokesperson's statement: 'we're not in favor of paying artificial prices and consumers aren't willing to pay extra for their coffee, despite what they say in market research' (Doonar 2004, 24). Even its charitable activities in the producing regions are less generous than the other major players in the industry. Sara Lee's ethical claims rested on its commitment to offer some of its coffee under the UC label, but as with the other companies, this was a very limited pledge. Further, UC is the least ambitious of all of the independent certifications with very modest social and environmental criteria. As was the case with other coffee companies, even its limited foray into ethical sourcing was forced by pressure from an NGO, the Coffee Coalition, which gained considerable attention by claiming that 'there was nothing to celebrate' when Sara Lee's flagship European coffee brand, Douwe Egberts celebrated its 250th birthday in 2003 (Kolk 2012, 85).

Although Tim Hortons is not a major player in the world coffee market, it is worth a quick aside because of both its dominant position among Canadian coffee shops and its steadfast refusal to sell fair trade. Tim Hortons is a Canadian icon. It boasted a remarkable 70 percent of the morning coffee market share in the country in 2010 (McDonalds is in second place with 10 percent). Forty percent of all visits to Canadian quick service restaurants were to Tim Hortons (for Starbucks it was 2.2 percent) (Tim Hortons 2010). Tim Hortons corporate social responsibility has been focused on Canada rather than the coffee producing nations. It runs the Tim Horton Children's Foundation that sends economically disadvantaged kids to camp. Its most visible charitable donations support 'Timbits' hockey and soccer programs in Canada.

Its efforts to become a caring corporate citizen did not extend to offering fair trade coffee. In a presentation at McGill University in Montreal, CEO Don Schroeder claimed that Tim Hortons 'rejects fair trade because the company sees flaws in the fair trade industry' (Mauser 2011). In response to the growing Canadian concern about producer incomes in the coffee supply chain, Tim Hortons started its own Coffee Partnership program in 2005, which it touted as 'its unique approach to making a true difference in coffee growing communities,' as a substitute for fair trade. Its dramatic differences relative to fair trade can be seen with its stated emphasis to 'improve farming practices to produce higher quality coffee more efficiently, giving them (farmers) more control and options for their coffee' (Tim Hortons 2011). While Tim Hortons claimed to have approximately 2,500 farmers in three countries under the program in 2010, the benefits to these farmers were impossible to determine. No data were provided on the prices or income benefits for farmers in the program. Among the very limited concrete information on the Tim Hortons Coffee Partnership web page was that its social pillar rests on working with 'Junior Achievement—an internationally respected youth advocacy organization—to provide aspiring youth with the skills they need to become successful entrepreneurs and leaders in their communities' (Tim Hortons 2011). While the benefits to coffee producers of Tim Hortons coffee sourcing program were undetermined, the program did allow the company to promote its ethical sourcing policy by spending some of its advertising budget on a series of television commercials featuring Tim Hortons executives rolling up their sleeves on coffee farms in the developing world to convince the Canadian ethical consumer that Tim Horton's was improving the lives of its coffee suppliers.

While Sara Lee and Kraft (and in Canada, Tim Hortons) seem to be committed to pushing the fair trade movement into the bottom-right quadrant of Gamson's typology (collapse), the outcome of the coffee companies' efforts to date are, as a whole, closer to the quadrant of preemption. The corporate reforms in response to the fair trade movement follow a common logic aimed at weakening the movement's recent gains by drastically watering down new advantages to producers, minimizing emergent threats (particularly to brand value), and attempting to capture a portion of the expanding market in specialty coffee by donning the cloak of 'caring' and 'ethical' behavior. While the coffee companies have shown a range of individual responses, they have—with three quite minor and tentative exceptions—refused to engage seriously with the fair trade system, opting instead for more flexible and moderate certification systems and discretionary charitable gifts (Table 5.3). This pattern of minor variation within a generally convergent corporate response has also been found in other embattled industries. Research on the responses of multinational oil companies to the emergence of climate change as a global issue, for example, reveals a similar pattern (Levy and Kolk 2002).

The resistance to fair trade and the willingness to engage in these other options begs an explanation. Competing, or possibly complementary explanations are offered by the microeconomic theory of the firm, by a theory of social movements in which corporations form an industry-based political bloc to resist emergent threats to entrenched industry leaders, and finally by a class-based theory in which corporate leaders, as class representatives, struggle to reproduce the necessary conditions for capitalist accumulation. Unfortunately, given our observations, it seems that our case cannot select between the explanations because the interests of the coffee companies as individual firms, as an industry-based social movement, and as a class coincide. This, of course, need not always be the case. If, for example, selling fair trade coffee were profit enhancing for the individual firm (say, consumers would only purchase fair trade coffee), it could pose a genuine conflict between the self-interest of the firm to maximize revenues, on the one hand, and the collective interest of the industry as a countermobilizing social movement organization interested in keeping costs down, and indeed capital as a class seeking to prevent the acceptance of other forms of economic ownership and challenge to commodity fetishism, on the other. However, as of yet, this has not occurred in the contemporary coffee industry.

From the individual firm's point of view, the cost-minimizing strategy, even given the emergence of threats to brand value based on the incursion of 'ethics' into consumption decisions, is to, at best, dabble in fair trade. The gains in revenue to be derived from taking on the fair trade label do not, in their assessment, compensate for the costs incurred in meeting fair trade's requirements. This rejection is perhaps in reaction to fair trade coffee's strategic 'bundling' of structurally intertwined ethical issues including land ownership, increased producer incomes, environmental sustainability, and incorporating production criteria in consumption decisions. In fact, the very basis of the ethical component of fair trade is virtually guaranteed to increase the input costs to firms, and possibly erode the roasters' outstanding profit margins. To provide just one comparison, because it has a lower price premium, has no minimum price, no licensing fees from importers and only insists on 30 percent certified beans, RA is considerably cheaper than fair trade (McAllister 2004). Indeed, the entire ethic surrounding long-term relationships is antithetical to searching for the lowest input prices. Therefore, a rational firm should attempt to garner the ethical tag without the unfortunate cost inducing criteria that are a fundamental component of fair trade.

This model seems to explain the coffee companies' response quite well. By publicly acknowledging the negative social and environmental impacts of coffee production while advancing in-house codes of conduct and alternative labels as superior solutions, they are attempting to brand themselves as ethically responsible corporations without actually paying the increased input costs that would be inevitable under fair trade. It is certainly worth noting that the companies that have so far committed to sell fair trade have done so in a very limited manner. This would commit only a small fraction of its total sales to fair trade's cost increases while conferring the ethical tag on the entire company.

This technique has certainly generated some positive publicity for Nestlé and Starbucks. Starbucks has been named to Ethisphere Magazine's ('Driving profit through ethical leadership') World's Most Ethical Companies list in 2008. It can hang this lovely plaque at its corporate headquarters along with a '100 Best Corporate Citizens' award from Business Ethics Magazine, another '100 Best Corporate Citizens' from Corporate Responsibility Officer Magazine and First Magazine's 2007 'International Award for Responsible Capitalism' (Starbucks Corporation 2008, 16). Like boxing, the ethical rankings could probably use some unification, but Starbucks' efforts to control its sourcing policies while branding itself an enlightened corporation have been very successful. This is not to suggest that people are completely convinced of Starbucks' ethical credentials. In a survey of its customers, who would presumably view the company relatively favorably, only 38 percent associate Starbucks with good corporate citizenship (Starbucks Corporation 2008, 12).

Keeping Nestlé's ethical ship afloat requires considerably more bailing. Its corporate history has made it an easy target for critics, most obviously following the infant formula scandal. This is not an isolated blemish on an otherwise spotless record. Nestlé had the honor of being labeled the most boycotted company in the United Kingdom in a 2005 survey and its standing in the rest of the world is scarcely better (Tran 2005). Given this problematic reputation, its very small investment in fair trade has given it an impressive return in terms of ethical publicity. It was given a great deal of positive press about its fair trade launch, which it wisely used to stress that it was not only Partners' Blend that was produced in a socially and environmentally sustainable manner, but that this was true of Nestlé's entire coffee line.

Meanwhile, each company's minimizing strategy also defends its interests as an industry bloc. It works as an effective countermobilizing social movement to defend against threats posed by an increasingly visible and effective fair trade movement, by reducing the 'unique' claim to ethical production and exchange that fair trade has labored to establish for its logo. The responses of the coffee companies function not only to protect brand value and increase market share, but to delegitimize fair trade as the most valid tool for addressing producer poverty, to decrease the power and content of the fair trade logo, and to excise from fair trade its radical potential. It is here that we can see Dawson's conflict in the consumer realm once again. Presumably, ethical consumers would like the increased prices that they pay to provide as much 'ethics' as possible in terms of improved living standards in the South and environmental sustainability. Coffee companies, on the other hand are interested in capturing the ethical price premium while avoiding as much of the increasing costs as possible in doing so. The industry response to the insistence on more ethical production by a growing section of consumers reflects the advantages that Dawson argues corporations bring to the consumption conflict. They dedicate marketing spending to promoting their ethical credentials, insisting that their ethical alternatives can solve the social and environmental production problems in the industry. In addition, companies have very detailed knowledge about their consumers. According to Dawson, Kraft keeps a 'database of demographic and psychographic information on 70 million American households' (Dawson 2003, 135–136). It is likely that coffee industry firms know fairly precisely just how well defined and progressive its production criteria have to be to appeal to ethical consumers. In the marketing game, the fair trade coffee label and the ethical consumers it has helped foster are likely to find themselves badly overmatched by an industry bloc with just a few large firms sharing an interest in derailing fair trade.

Finally, the corporate response guards against fundamental threats to the capitalist system that lie behind the fair trade coffee label. Two less widely discussed but fundamental objectives of the movement involve deep transformations in the acts of production and exchange. The first is its encouragement of non-capitalist relations of production in the South—a commitment only recently abandoned by FTUSA, and still upheld by FLO. The producer cooperatives supported by fair trade in the coffee sector involve worker control over the means of production, an important critique of and counter-example to the wage labor relationship on which the capitalist system depends. The second is its attempt to shift the cognitive terrain of consumption outward from an exclusive consideration of price, quantity, and lifestyle association to the inclusion of production processes. By explicitly connecting the act of purchasing to the process through which a product is produced, fair trade works to lift the veil behind which production takes place, decreasing commodity fetishism. Were people to carefully consider the social and environmental conditions in which many products are produced, and challenge the notion that control over the production process is the exclusive right of capital, it could begin to compromise institutions and relationships that are currently profitable for the capitalist class as a whole.

It is here that we see more clearly the reasons for the seemingly arbitrary distinction made by corporations between differentiation based on process and that based on product. Such a distinction becomes much less arbitrary viewed in light of class-based politics aimed at preserving the foundations of capitalist accumulation. The strategy to promote differentiation based on lifestyle associations or product quality (however defined) over differentiation based on process reflects a long-standing and visible commitment on the part of business to black-box the production process. While a glancing interest in labor and industrial history is enough to reveal capital's stake in maintaining their exclusive control over the production process, contemporary authors argue convincingly that this interest has not waned. For example, Christopher Martin (2004) observes that the highly centralized, privately owned media industry labors to promote consensus around the following elite stances: that the public are simply consumers; that production is none of the working public's business but is instead the sole purview of owners; that the site of production is a black box of utopian meritocracy that must be safeguarded from the pollution of collective action; and that the economy is driven by great business leaders who make 'tough choices.'[4] In contrast, the idea that consumers and workers (especially the latter) might intervene to actively shape production processes is antithetical to capitalist production. It represents a seed of economic democracy.

Consequences of the corporate response for fair trade

While some watered-down advantages have been extended to producers as a result of the coffee companies' attempts to don the cloak of caring, the fair trade movement's strategy of baiting the coffee companies into the ethical arena carries an enormous long-term threat to the movement. While no 'outcome' is yet visible, the trend of the corporate preemptive response raises the possibility of movement collapse. This threat is, in part, inherent in the nature of the 'good' that fair trade is actually selling, and in consumers' ability to discern its quality. Essentially, fair trade asks consumers to pay a premium based on the quality of a production process from halfway around the world. No information about this process can be derived from the experience of consuming the product, nor can it be discerned by eyeballing, weighing, or squeezing prior to purchase, as one would test the quality of a cantaloupe. Fair trade is thus reliant on conveying this information to consumers through the uniqueness of its logo.

Timothy Feddersen and Thomas Gilligan developed a game theoretic model that attempts to capture just this sort of activity. They argued that an 'activist' who could create a credible signal to consumers to guarantee that a firm was using a 'good' production process as opposed to a 'bad' process could successfully encourage desirable practices, even when they remained unseen by the consumer. It is especially likely to be successful when the good and bad products are close substitutes, as would be the case with coffee (Feddersen and Gilligan 2001). However, there are two crucial assumptions in their work. First, they assume that people actually care about the production process, which is precisely the battle to change people's purchasing motives that all ethical consumption is waging. Second, and more importantly for this particular section, the activist's signal is the accurate, sole and undisputed arbiter of what is good and bad. Unfortunately, in the world of coffee, things are not quite so straightforward. By washing the market in claims of philanthropic largesse, ethical treatment of producers, labor codes, and sustainability certifying labels, the coffee corporations are undermining the uniqueness of the fair trade label.

The ability of the coffee corporations to create confusion among purchasers by offering labels that compete with those of fair trade only exists due to the asymmetry of roasters' and consumers' access to information. Presumably, if consumers had perfect information about the production process behind the competing labels, they could easily detect the 'less stringent' brand. However, consumers rarely have perfect information. In fact, it seems very likely that in the labeling example, the creators of the labels will have substantially more information about the actual production processes than their customers.

The problems associated with information asymmetries in a market were first famously analyzed by George Akerlof (1970). He used the market for lemons (used cars, not citrus fruit) to show that, when the seller has a greater understanding of the quality of the product than the buyer, the product of inferior quality would crowd out the superior. Yet we regularly make purchases of goods that we barely understand, from computers to cereal. The 'lemons problem' is not insurmountable or else as consumers we would be flooded with little but substandard fare, while goods of high quality (however that is defined by the buyer) would cease to exist. Interestingly, one of the solutions to the asymmetry problem is branding as a guarantee of quality (Stiglitz 1979). Brands are more likely to solve the information problem for goods that are subject to repeat purchases and for which quality differences are easy to detect.

Unfortunately, only one of these criteria holds true for coffee labels signaling production standards. Coffee is certainly subject to repeat purchases, but it is very difficult to detect the 'quality' behind the production claims on a label. The term 'credence' good is used to describe those products whose quality is impossible to detect even after consuming the product. This creates an even more intractable information problem than Akerlof's car example where consumers can at least determine the quality, or lack thereof, of their vehicle after the purchase. In the case of production certification, people must rely on information gleaned from other sources, like media reports, to make their assessment of the quality behind any particular label. Academics who study the credence good problem are quick to point out that the high cost, high quality product will lose market share and perhaps completely cease to exist. This is the case even when people feel that the credence quality benefits are greater than the price they are being asked to pay (Bonroy and Constantatos 2008).

The inherent difficulty of information asymmetry is only part of the problem, however. Information asymmetry is not an insurmountable difficulty, especially for those with power. For example, the labor market features considerable inherent information asymmetry. It is often difficult for bosses or managers to determine whether their employees are working as hard or as efficiently as possible, seemingly providing the worker with ample opportunity to take a relaxed attitude toward their job. However, the right to fire employees, and the ominous consequences of getting fired for most workers, tilts the power relationship in the labor market toward the employer. Armed with the power of dismissal, the history of work in the capitalist economy has been one of increasing employee supervision and control by management in a successful effort to overcome information asymmetry (Braverman 1974). It is this crucial component of conflict and power that the more mainstream economic explanations of information asymmetry overlook.

Information asymmetry in the realm of production labeling can either be alleviated or exacerbated by the actions of those in the industry or in the rules that govern them. Coffee firms have deliberately exacerbated the information problem in an effort to maintain the very profitable conditions that currently allow them to attract so much of the value added in the industry. The threat to the fair trade label comes from both the inherent information asymmetry problem and the response by powerful corporations in the industry to further muddy already cloudy waters. This creates three potential problems for fair trade coffee's labeling strategy, even in terms of its narrow goal of selling more coffee (as opposed to its more transformational goals of transforming production in the South and consumption in the North): consumer distrust, consumer confusion, and rising competition.

First, fair trade must overcome the general distrust of labels promising beneficial production conditions given the manipulative nature of commodity marketing and packaging (MacWilliams Cosgrove Smith Robinson, 1997). As Dawson points out, consumer suspicion of product information is inevitable in a marketing-saturated culture in which lies and 'hyped up nonsense' are an accepted staple of corporate communication with its customers. The quotation Dawson uses from economic historian Robert Heilbroner is particularly telling; 'it is common knowledge that only a fool is taken in by the charades and messages that supposedly tell us "the facts" ' (Dawson 2003, 147). If consumers view product information as unreliable, then they will be understandably reluctant to make purchases on this basis. With the current debates surrounding the reliability of a proliferation of labels, from dolphin friendly (Brown 2005) to GM free (Klintman 2002), it is scarcely surprising that consumers are a little skeptical, often correctly so, about the informational legitimacy of a label stuck on a package. For example, a Dole Foods subsidiary was charged with selling conventionally produced bananas as organic to take advantage of the price premium (Raynolds 2000, 305).

Gabriele et al. suggest that although these sorts of certification procedures are inherently risky, it is possible to change the costs and benefits of presenting misleading information to improve labeling credibility. For example, increasing liability for mislabeling or reducing the cost of inspections to verify misleading labels would improve the benefits of the labeling scheme (Gabriele et al. 2005). These types of improvements are important suggestions when the main problem is goods that fail to meet the certification standard being sold under the label, as would be the case if goods being sold using the fair trade label were not being produced or traded under fair trade conditions. If the organic label is any precedent, this is potentially a real problem for fair trade. However, even in the absence of this sort of blatant misrepresentation, the more beneficial, and more costly, fair trade label still faces two additional problems.

Even if people do not think that companies are actually lying about the production criteria promised on coffee labels, fair trade must distinguish itself from the corporate social responsibility (CSR) strategies of the coffee industry. In these cases, it is not a matter of detecting and punishing outright fraud, but to somehow create a distinction between seemingly similar, but different criteria. We may have discovered some important distinctions between 4C, C.A.F.E. standards and the fair trade label, but people who do not dedicate a substantial portion of their spare time to parsing production standards may have considerable difficulty distinguishing between the differing strengths of the various production criteria. Those well versed in these issues would most likely detect an important difference between FLO's insistence on cooperative workplaces as opposed to the 4C 'right to form unions,' but a casual observer could certainly be excused for thinking there was little difference between the two. This information problem is made more complicated and costly by attempts to conceal information by the less-stringent label. Coffee companies can convince people of their ethical credentials through clever marketing and advertising campaigns, venues in which Dawson (2003) has demonstrated that corporations are particularly comfortable. Even mainstream economists have demonstrated that the makers of an inferior good often find it useful to advertise in an effort to conceal product information (Kerton and Bodell 1995, 14). This certainly seems to be the case in the coffee industry where companies are loudly promoting their commitment to social causes, often using language very similar to that of fair trade organizations. The growth of CSR presents two sizeable obstacles for fair trade's attempt to increase its sales. On one hand, those who do seek out desirable production criteria may be misled by the progressive language used by less than progressive organizations. On the other, people could well come to distrust the production information that defines the fair trade movement as it becomes indistinguishable from corporate ethical claims of which people are correctly suspicious, making people less willing to participate.

Finally, as the popularity of fair trade coffee has grown it has come into competition with other third-party labeling projects, each with their own particular concern about the production process. It is possible that fair trade and other movements (RA, UC, or organic, for example) may be seen by consumers as a homogeneous group of organizations that occupy the so-called good production niche. Bananas provide an excellent example of the potential for consumer confusion involving environmentally friendly or fair trade labeling. The RA used 'ECO-OK' and 'Better Banana' labels to signify to consumers those bananas that are produced in a manner that will protect the rainforests in which they are harvested. In 1998, of the 35,000 hectares certified under these programs, 20,000 were owned by Chiquita Brands International. Although this was very much in keeping with the RA's political strategy of constructive engagement with the corporate community as a means of getting the quickest (and it argues the most successful) results from its lobbying activity, as was the case with coffee, there remained some fairly large questions about just what requirements must be met to get the RA's seal of environmental approval in bananas. For example, there appeared to be very little in the way of social (as opposed to environmental) criteria other than a very vague commitment to ensure fair treatment and good conditions for workers. This created a clash between RA's label and that of fair traders, who also marketed their own bananas with a more stringent social code. After the RA started selling its bananas in Europe, sales of fair trade bananas dropped from 8,000 boxes to 400 boxes at the largest Danish retailer, FDB (Murray and Raynolds 2000, 71). FDB clearly felt that it could use the RA's label to replace the fair trade bananas in the conscientious-consumer niche. Both labels are authentic in that the products genuinely reflect what is claimed for them in their labeling. However, the more ambitious, progressive label was forced out by its less ambitious rival. This will be a problem endemic to the fair trade movement, especially because less-ambitious labeling projects are likely to be less expensive. For example, coffee that is merely certified organic is cheaper to produce than that that is both organic and fair trade, as there is no social code for organic production.

Yet it is not that clear cut. While coffee firms will inevitably attempt to claim the largest share of the ethical market while incurring as little as possible of the ethical cost, the fair trade movement can influence the difficulty of doing this. If fair trade stands for patently different standards than those in CSR and lesser labels and if fair trade actively diminishes commodity fetishism by encouraging people to incorporate production into their purchasing, then coffee companies will have a more difficult time passing their lesser standards off as a fair trade equivalent. On the other hand, if fair trade dilutes its standards to be closer to those of UC, RA, and 4C, it becomes easier for coffee firms' claim that they are every bit as 'fair' as fair trade. Given this, FTUSA's decision to certify plantation-grown coffee exacerbates the information problems inherent to labeling schemes by undermining what was once a very sharp break between FLO-certified coffee and its less-ambitious rivals. The difference between fair trade coffee and RA, UC, or 4C coffee is considerably weaker under the FTUSA label, which will be, from the consumer perspective, indistinguishable from the more rigorous FLO label.

Another recent trend adds to fair trade's dilemma with rising competition within its ethical niche. Partly as a result of dissatisfaction with the mainstreaming of fair trade, and partly due to dissatisfaction with its insistence on cooperative organization, a small but growing number of roasters such as Chicago's Intelligentsia and Portland's Stumptown Coffee are opting out of the third-party labeling game, and choosing instead to establish their own long-term, exclusive supply relationships with specific producer groups in the South. Companies moving into this mode of exchange refer to it as 'direct trade.'[5] It is an explicit competitor for the premiums paid by consumers of fair trade coffee, with roasters positioning themselves on the win–win terrain of paying high prices (Intelligentsia claims to pay at least 25 percent above the fair trade price to the grower; see Intelligentsia n.d.; Escoffee, another direct trade company, pays a minimum of 5 percent above the conventional price; see www.directtrade.org) in exchange for coffee of exceptional quality (Meehan 2007). They claim also to contract with growers who practice sound environmental growing, and are committed to social development. The definitions of these things are far less carefully worked out under direct trade, and of course, there are no certifying bodies. While Intelligentsia claims that the proof of their commitment to the growers is in the quality of the coffee, one must, in the end, take the company's word that the conditions at the growing end are beneficial to communities and ecologically sound. With some direct traders, this might be a reasonable bet, but there is no guarantor of consistency among direct traders. This, and the fact that direct trade includes both small farmers and large plantations with hundreds of workers are the key distinctions between fair and direct trade coffees. With no way of quantifying the commitment or impact of direct traders relative to fair trade, consumers are left in a situation of uncertainty about whether their direct trade coffee is from a mission-driven organization dedicated to the well-being of producers, or the product of corporate 'fair-washing.' Direct trade thus represents a de-rationalization of alternative trading (with its attendant benefits and costs), but it is simultaneously a de-radicalization from the original goal of fair traders in the coffee sector: reorienting relations of production away from plantation models and toward democratic cooperative production.

All of these difficulties create an additional problem for the more rigorous FLO label in coffee. Since fair trade producers bear the expense of the monitoring and enforcement operations that are necessary to create a trustworthy signal then this will increase its price relative to those labels that have less stringent monitoring standards, actually increasing the sales of the good with poor production practices. This not only involves monitoring and enforcement to ensure that the production practices are strictly followed by certified firms, but also any cost associated with exposing the less stringent labels (Baksi and Bose 2007). This can be seen in the coffee industry when fair trade organizations have to dedicate time and money to distinguishing their standards from Starbucks' C.A.F.E. practices, the coffee industry's 4C, its competing independent certifiers, and with the FLO-FTUSA split.

The hidden nature of the production information contained behind a label and the deliberate actions of coffee companies to characterize less stringent production practices as interchangeable with fair trade have created some serious problems for the ability of fair trade coffee labels to reach a broader consumer base. The proliferation of 'ethical' brands and highly publicized proclamations of corporate social responsibility cloud the legitimacy of fair trade claims concerning the injustice of unequal relations of production and exchange, and threaten to dilute the power of the fair trade label, which has struggled to attain a reasonably high degree of recognition. Thus, the threats now looming over fair trade—arising out of its success at baiting the corporations into participation—reveal that it suffers from the same Achilles' heel that allowed it to leverage movement from the coffee companies to begin with: brand dependence. Its own 'brand' (the fair trade logo) is threatened as it struggles to differentiate itself from the proliferation of 'ethical' brands and competing labeling schemes, such as those introduced by the corporations as well as RA and UC. While the preemption of new advantages for producers is an egregious immediate problem for the movement, it is corporate preemption's impact on consumers that can be devastating to the movement in the long-term.

Conclusion

The manner in which coffee is produced and exchanged under the fair trade label presents a strong criticism of many of the practices of conventional coffee production and exchange. On the other hand, in an effort to expand its sales, fair trade has chosen to work with the very coffee companies that it is criticizing. Fair trade has found the realm of large corporations and consumer marketing a contested terrain in which coffee firms, fair trade and consumers all struggle to impose their own interests. As the sales of fair trade coffee have grown, and the critique of conventional coffee has become more widespread, coffee companies have countermobilized in two ways. First, they have attempted to discredit the means by which fair trade aims to improve the social and environmental conditions under which coffee is produced. In this battle, fair trade has largely triumphed over the initial corporate attempt to dismiss it outright. Steady growth of fair trade sales and well publicized activist threats of consumer action have forced coffee firms to deal with fair trade and, in many instances, offer its label. Second, they have undertaken a variety a measures to convince those consumers who may be concerned about companies' practices of production and exchange that they are taking meaningful steps to address the social difficulties of the coffee producers and the environmental impacts of coffee production. However, these steps have been tightly constrained by the dictates of profitability. Selling fair trade coffee, which would increase input costs, has been eschewed in favor of projects that are less costly and could enable firms to brand themselves as ethical. Unfortunately the companies' projects fall well short of truly addressing the fair trade criticisms. To make matters worse, by competing with the fair trade label, coffee companies' less-ambitious ethical branding exacerbates the information problem in the market for ethical coffee and compromises fair trade's ability to reach more consumers.

The information problem created by so many companies and NGOs all claiming to improve social and environmental production methods could create a problem for fair trade's more transformative goals as well (which we have seen in Chapter 4, still feature strongly in fair trade's framing strategy in the media). The proliferation of 'ethical' labels reduces the fair trade label's hopes to counter the fetish of commodities and encourage people in the North to see beyond the superficial exterior of the commodity to the vastly unequal process by which different products are produced. Commodity fetishism could be reduced by transparency about the production of all coffee (or any other product for that matter). By baiting large corporations into the CSR game, fair trade coffee has created a situation in which the marketing strength and savvy of the multinational companies will be used to reduce the transparency of the production process originally encouraged by the fair trade label. Where once companies could depend purely on commodity-based relations to obscure the process of production, they are now forced to do so explicitly through marketing in all of its dimensions. For example, the context in which people experience the fair trade label when it is sold by a large multinational is often very different from when it is sold by a more committed '100 per cent' pioneer. Fridell has an enlightening section in his book that contrasts fair trade coffee sold at Starbucks with that sold at Planet Bean, a worker owned coffee cooperative. One of the important distinctions is the extent to which the two coffee shops attempt to inform their customers. Central to Planet Bean's identity is a desire to raise 'awareness about fair trade and the injustices of the current global system' (Fridell 2007b, 246). Starbucks, on the other hand, claims that all of the coffee that it produces is 'fairly traded' whether it contains the fair trade label or not (Fridell 2007b, 260). In terms of commodity fetishism, Planet Bean exposes the difference between conventional and fair trade production practices while Starbucks actively hides it.

If the corporate incursion into ethical production is diluting fair trade's ability to expose commodity fetishism, fair trade itself has contributed to this problem by favoring large roasters and retailers over fair trade pioneers. In the US, 70 new companies were licensed to sell fair trade coffee in 2006, and only eight of those sold fair trade exclusively (TFUSA Annual Report 2006). This is a far cry from the commitment of earlier entrants into the fair trade arena. Eight of the first ten companies licensed by Transfair Canada were or are now selling 100 percent fair trade (TF Canada). The entrance of large scale players now offering fair trade certified coffee makes it difficult for the original ATO players to compete. It is not only the usual little versus large advantage of established brands, conveniently located at the local supermarket shelves, with massive marketing budgets, that creates this advantage. Since fair trade sales only comprise a very small proportion of total sales for larger corporations but 100 percent of the sales of more mission driven ATOs, less committed companies enjoy a significant cost advantage. The incentive for larger firms to only provide a minimal commitment is facilitated by fair trade itself. First, for large firms, fair trade has randomly and secretly bent its own rule that, in order to sell fair trade certified products, fair trade must comprise a minimum of 5 percent of total sales. No commitment was required from these firms to increase the percentage of fair trade sales over time. TransFair USA once had a 'goal' of 5 percent fair trade by licensees within the first two years of licensing (Transfair USA 2003), however, today FTUSA has no requirements or goals, and suggests only that roasters purchase as much fair trade coffee as makes sense for their business. Likewise, Fairtrade Canada has no goals or requirements concerning minimum percentages for licensees. Second, the minimal fair trade agreements signed by these companies have been accompanied by glowing publicity from labeling organizations, generating a positive, ethical image and free advertising for companies that, in fact, had to be pressured and cajoled into making even a token commitment. Meanwhile, those '100 percenters' in the ATO movement who have been fully committed to the system struggle to get any visibility. Finally, in keeping with the more cooperative, solidarity based origins of fair trade, signing up to the fair trade label involves a commitment not to criticize fellow fair trade vendors. This may have been reasonable when fair trade was in its early ATO phase and was made up of more homogeneous, movement-oriented actors. Now, however, those same rules limit the ability of fully committed vendors to criticize the tepid involvement of the larger corporations. The result is that a very minimal commitment to fair trade has generated enormous benefits for the large coffee companies. It has bolstered their ethical credentials with well publicized launches of fair trade products, while insulating them from criticism of their corporate practices by other fair trade actors.

The fair trade coffee label has expanded beyond the wildest dreams of its early pioneers as a result of its successful engagement with the giants of the industry. However, this chapter suggests that while this has brought some small advantages to a larger number of producers it has created some looming problems. Most immediately, it may compromise the ability of fair trade to increase its sales as the 'ethical' market becomes increasingly crowded. Less obviously, the corporate CSR countermovement, and fair trade's accommodating rules for large players, could well undermine the ability of fair trade to provide at least some small measure of antidote to the fetish of commodities. One might even claim that if fair trade won the first round of the coffee fight by forcing fair trade onto the corporate agenda, it appears as though the corporations have thus far had the upper hand in round two.

6
W(h)ither Fair Trade?

Like a good magician, the commodity attracts attention to the end product while distracting people from the often grim reality of how it was produced. As consumer culture adds additional layers of meaning to commodities and the physical distance between production and consumption is increased, the illusion that shrouds both social and environmental conditions has become all the more difficult to detect.

The current, mainstream, 'Phase II' version of fair trade has no doubt succeeded beyond the wildest expectations of the ATO style fair trade, at least in terms of sales and public recognition. Yet that success comes with costs. A precise accounting of progress and regression is contingent on the values that movement participants place on sometimes competing objectives, like the expansion of the system, improving the livelihoods of producers, or changing the way people think about consumption. However, we can lay bare the choices that are being made; the costs incurred when participants pursue and achieve particular sets of objectives. In attempting to do so throughout this book, we hope to have clarified some of the choices facing fair trade movement activists.

Max Weber warned us long ago that growth and progress demand sacrifice. We must, he lamented, be prepared to surrender ourselves to the idea that the systems required to bring organizations and systems to a large scale will, at the same time, tend to de-humanize. Bureaucracies and systems of formalized rules will set us free from some relations of power, but come to dominate us in their turn. Bureaucratization and formalism form the infrastructure for the current, mainstreamed

Elements of this chapter are drawn from Ian Hudson and Mark Hudson. 2009. Book Review Essay; 'Dissecting the Boom: Is Fair Trade Growing Its Way Out of Its Roots?' *Historical Materialism*, 17(2): 237–252.

incarnation of fair trade. These, while representing an emphatic shift away from the bonds of trust and goodwill that launched the system, were necessary for the expansion that fair trade has enjoyed in the past decade.

The 'guarantee,' and all that lay beneath it, however, were not sufficient. Fair trade coffee's success is due also to a particular combination of historical conditions and coffee-specific attributes that might not be easy to spread more broadly. This is a particularly important fact with which to reckon, as commodities from lumber to fish are brought under their own systems of guarantees. We ought to be wary of claims that market-based forms of governance (like labeling schemes for fish, clothing, or lumber) can and ought to replace the struggle for democratic government. Fair trade coffee, even as it delivers only modest benefits to coffee producers, is not a model that can be easily replicated in other sectors and industries. Even within fair trade, the standards for certification of many other commodities fall far short of those for coffee. However, unlike newer market-based labeling schemes, fair trade was launched by activists, not industry, and developed alongside and within a recognition that markets 'normally' functioned to produce poverty alongside wealth, and that new relations of production and exchange had to be the goal. As such, it has at least struggled to maintain some of its radical potential in the midst of the mainstreaming drive, and so should actually serve as a model against which to measure the potential impact of other labeling initiatives and certification schemes. Maintaining this radical potential, even within fair trade, is a major struggle. A number of scholars have raised the prospect that fair trade might well become absorbed by the market whose effects it aims to ameliorate (Renard 2003; Taylor 2005). The move by FTUSA to certify coffee produced on plantations, under conditions of wage labor, suggests that this struggle is intensifying.

Despite the admittedly sizeable obstacles in its path, and despite the shift, the fair trade movement continues to explicitly, though unevenly, include the conditions of production as part of the characteristics of the commodity. Whereas conventional commodity exchange grinds down differences in the process of production to equate units of labor, fair trade attempts the opposite, presenting as unequal what are unequal—the qualities of the labor process and human transformations of nature. Coffee is one of the most ambitious fair trade projects in terms of the extent of the change it is attempting to make at the production end. The FLO criteria for coffee insist on family operated, cooperatively owned, environmentally responsible conditions of production—a dramatic break from the current capitalist, social, and environmental relations of production. This is the more ambitious side of fair trade that moves it considerably beyond an attempt to increase the income of coffee producers. As Raynolds and Ngcwangu suggest in their study of Rooibos tea trade in South Africa, '(m)ission driven distributors and small scale producer cooperatives appear to have forged Fair Trade networks that appear to embody alternative norms, values, and institutions that provide a radical break from market conventions' (2010, 82). They suggest that the transformative potential of the movement and the prospects for the improvement of producers' lives rest on the continued adherence to these norms.

If fair trade limited itself to the goal of increasing producer incomes, it could claim, at best, modest success. This is not to say that it has failed completely. Fair trade producers do fare better than their counterparts who remain in conventional production, especially when it comes to non-income benefits. These are not to be dismissed. Just because non-material benefits like increased democracy, social inclusion, and an improved natural environment do not come in the form of cash does not mean they are insignificant. Most of the studies that do manage the difficult task of estimating income gains also find that fair trade producers earn more (or in a worst case scenario—lose less) than those left to the regular market. Yet, they don't earn much more. The consensus opinion is that fair trade helps, but its impact, at least in terms of cold, hard income, is modest.

Advocates of mainstream fair trade argue that these limited benefits will increase substantially as fair trade sales grow. Yet in order for this to happen, Northern consumers must be willing to pay for the essentially public goods of environmental protection and poverty alleviation in distant lands. The manner in which fair trade attempts to convince people to overcome their tendency to free ride has important implications for its ability to expose commodity fetishism. Appealing to people's 'warm glow' of feel-good consumption may be superficially tempting because it fits nicely with the current dominant frame of consumerism, but it will tragically limit the degree to which fair trade can act as a critic of the core social and environmental problems caused by commodity production. To its credit, the fair trade movement has thus far remained committed to framing its message in a more radical manner, attempting to expose the conditions of production that make conventional coffee so damaging. Yet questions remain about the extent to which the more mainstream version of fair trade can continue to express this more radical critique in practice as it partners increasingly with corporations that do not necessarily share its commitment to broader change, and whose primary concern is to obtain goods from its suppliers at the lowest possible cost—a concern that tends to reduce the well-being of workers and provides an incentive to externalize costs onto nature.

Fair trade is currently the most radical of the ethical consumption alternatives in the coffee industry. However, it risks being undermined by competing, less stringent labels because of the problem of information asymmetry. The very corporations with which fair trade has sought to partner to increase its exposure in the North have been actively engaged in undermining the legitimacy and uniqueness of the fair trade label. The rise in ethical consumption that fair trade helped foster may well end up benefiting other, more watered down, labels. Indeed, the competition among different labels, with different standards, for the loyalty of 'ethical consumers' illustrates the problem of overcoming commodity fetishism even when the production process is deliberately incorporated as part of the purchasing decision.

Fair trade enthusiasts must be somewhat dismayed that the book has so far presented a series of qualified accolades and potential banana skins, many of which the movement is actually throwing in front of itself. But despite its modest gains so far, and the looming difficulties ahead, at its core fair trade contains an idea that just might improve the way that people relate to the world around them—decommodification. This is not to say that the radical holy grail of the 'transformative movement' has been found and a bright future ensured. Unfortunately, it is still unclear whether fair trade will act as a legitimate tonic or merely snake oil for the ills of commodity fetishism.

If fair trade's proponents and practitioners consider it as a single element in a broader movement to build a progressive politics aimed at transforming the relations of production, fair trade can be understood as occupying a particularly strategic position. It has worked to establish transnational networks of solidarity between progressive political elements in the North and Southern producers and is attempting to initiate a radical questioning of the dominant system of international trade. Further, at least in our coffee example it encourages a transformation in the social and the environmental relations of production. The FLO's very visible commitment to owner-operated farms, cooperatives, and organic, shade-grown coffee is a dramatic improvement over large-scale, capitalist, energy-intensive, and sun-grown beans. This gets at what Dana Frank, a pioneering historian of consumer movements, puts forward as the litmus test for the long-term efficacy of consumer campaigns: 'does (it) empower people on the ground as workers? Does this activity help build workers' own worker-led and defined organizations?' (Frank 2003, 374). While Frank suggests that modern consumer–worker alliances are often in the service of unorganized workers (as opposed to those of the nineteenth and early twentieth centuries), this is too broad-brush a statement. Many peasant producers in the South, while not unionized, are incredibly well organized and show levels of member participation and awareness that would put Northern unions to shame. They are engaged in a project of worker control—something quite close to what one imagines when Marx uses the term 'the society of associated producers.' Individual cooperatives are communities of support for their membership, and they are, in many cases, connected to other cooperatives in networks of mutual aid that span regionally, nationally, and internationally (Hudson 1998, 194–195). The income transfer and other forms of support like credit and technical assistance that fair trade facilitates work to support these organizational efforts. Many of the cooperatives form the base of an institutionalized space for democratic politics and practice that extend into other political fights. As one Mexican cooperative member put it,

> one of the goals of (the cooperative) now is that people are informed to the extent that they can decide how they want to organize their lives and their communities. So, for example, during a time in which there were a lot of land take-overs and violent clashes between *campesinos* and landowners going on, and one of our members had been taken by the Seguridad Publica (state police) and was missing, we organized a workshop around human rights in Chiapas. [...] While (the cooperative) focuses still on the commercialization of our coffee, now it also aspires to be able to accompany a process that is underway in Chiapas to transform reality in the countryside. It goes beyond just economics. We are also trying to facilitate a greater balance of power and help producers rescue the previously degraded natural resources.
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> (quoted in Hudson 1998, 194)

So, in the South, fair trade coffee can and does function to support efforts at empowerment and organization in the service of worker-led projects of equality and self-determination.

In the North, fair trade can play a different but equally vital role in transforming politics. At its best, fair trade uses some of the most quotidian commodities as a springboard for interrogating the injustices of capitalist production and exchange—including state support of those injustices. It might even foster discussion about the social and the environmental problems associated with capitalist production relations, although as we (and Fridell (2006; 2007b) and Johnston (2002)) have pointed out, this is far from inevitable. It can do so by chipping away at the fetishism of commodities. Generalized commodity exchange has resulted in the abstraction and equivalence of profoundly different labor processes. Changing the primary question in the act of consumption from 'how much for how much?' to 'who made this, how, and with what consequence?' is an assault on commodity fetishism, and on the cultural buttresses supporting global capitalism. Once the question has been posed for coffee, or tea, or wine, it becomes more difficult to maintain a system of collective blindness concerning relations of production. Through initiatives like 'fair trade delegations,' speaking tours, and exchanges, fair trade organizations use the commodity to encourage non-market-based forms of political action in an attempt to prevent the 'commodification of solidarity' that could result from consumer-based activism. The success of such initiatives is not well studied, and as Fridell (2007a) points out, the effectiveness of making the launch from market-based to non-market-based activism in the case of fair trade needs evaluation.

Given the importance of addressing commodity fetishism, the reduction in fair trade's ability to accurately expose and represent production processes that has been an effect of mainstreaming is a, perhaps the, major threat to the movement. While struggling internally over this, the movement has responded to the shifting structure of political opportunity by moving along a trajectory that embraces neoliberalizing agents as partners, muddies the meaning of the fair trade label, and embraces the market as a sufficient mechanism for addressing poverty and environmental degradation. As such, it faces extraordinarily high costs in terms of its radical potential and even its long-term viability.

Although you would never know it from reading this book, fair trade is involved in a broad array of other commodities, from tea to soccer balls. Confusingly, the identical fair trade label stands for very different production criteria in each of these different products. The drift away from progressive standards covering the pioneer products, like coffee, started because it was very difficult to source large quantities of tea, for example, from small producer cooperatives, which led to the FLO decision to certify plantations. It now also certifies plantation-grown bananas, despite the fact that bananas are also available from producer cooperatives (though in smaller quantities). Part of the pressure for FLO to certify plantations was created by competition from the plethora of competing labeling schemes with weaker production criteria. It also came from the large corporations that now offer fair trade products, which are much more comfortable dealing with larger suppliers. This dynamic has resulted in pressure for plantation production to be certified in other commodities—pressure which, in the case of coffee, has so far been resisted by ATOs and small producers working with FLO, but which is persistent. As mentioned, the US labeling initiative has succumbed to this pressure, significantly undermining one of the most crucial—in our view—aspects of the fair trade label. Even the FLO label, though, has come to signify a wide range of actual production conditions. While certifying more products has extended some of the benefits of fair trade to more producers, the strength of the label as a sign to consumers has been weakened. What is 'fair' now varies from place to place and commodity to commodity. The FLO label embodies a decidedly non-capitalist set of productive relations in the coffee sector. Not so for fruit, tea, wine, or even FTUSA coffee. For these commodities, fairness may embody a wage labor relationship that allows workers a partial say in the dispensation of the fair trade premium, a partial share in the enterprise, or the right to form a union. The certification standards for fair trade wine were so minimal that South African plantations lined up to get accredited without making any changes to their existing production practices (Renard and Pérez-Grovas 2007).

Certifying plantations alongside small producers is not only an important dilution of one of the founding principles of fair trade and one that crucially differentiates fair trade from its other, less-ambitious ethical rivals. Perhaps more importantly, it also contributes to commodity fetishism. By placing remarkably different conditions of production under the exact same ethical label, fair trade is no longer revealing the social and environmental conditions of production, but hiding them. This is well captured by a quote from Jonathan Rosenthal of the workers' cooperative and fair trade pioneer Equal Exchange:

> We're so concerned with marketing and brands that we almost overlook the human reality of what we're talking about . . . In the rush to grow fair trade, we are increasingly not willing to tell the truth . . . We're nothing if we're not telling the truth. That's the most radical act we can do, in my opinion. More important by far than paying a minimum price, or any of the other things.
>
> (quoted in Jaffee 2007, 262)

Fair trade is not the only consumer-based movement attempting to improve the conditions of production. Other projects have attempted to alter production through consumer pressure in fishing, timber, and textiles to name but a few. The coffee case study presented here contains lessons, not just for fair trade, but also for these other consumer movements. Perhaps most importantly, it demonstrates that the terrain on which the battle for transformation of an industry's production practices takes place will inevitably be contested by the existing corporations. Should consumer based pressure succeed on a sufficiently grand scale to actually impact consumer behavior, a considerable feat in and of itself, firms will attempt to control the emerging ethical market. This can take a wide variety of forms but in coffee, and many other industries, it has meant that existing firms have attempted to preempt the consumer pressure with industry standards and competing labels to contest the definition of ethical production (see also Bartley 2007; Gale 2002). Since production process information asymmetry is both inherent in ethical consumption and deliberately fostered by firms attempting to thwart what could be a potentially costly production transformation in their industry, consumers will be understandably naïve when it comes to what lies behind competing production schemes. How can a consumer backed regulatory scheme avoid either a withering away of its own market or the pressure to dilute its standards?

The quote from Rosenthal, and the chapters on information asymmetry and framing suggest that 'telling the truth' might, incredibly, be a solution to this dilemma. In this context, telling the truth consists of insisting on the maximum amount of transparency in production conditions. At all times the fair trade (or any ethical consumption) movement should attempt to expose, rather than hide, production criteria. This would have the benefit of discrediting those corporate ethical alternatives that eschew third-party certification, since they inherently lack transparency, as is patently the case with many of the CSR efforts in our coffee case study. Differentiating more from less progressive production is often made more difficult by both labels as a tool and the desire to engage with the dominant corporations in an industry. Labels are, at best, a blunt instrument in exposing production criteria. They may mark out a binary 'acceptable' and 'unacceptable' dichotomy in production but few actually understand just what is meant by the 'acceptable' standards, creating room for competing and less-stringent ethical alternatives. Further, it fails to provide any information beyond this binary level. Rather than limiting themselves to restrictive markers of good production, consumer-based regulatory movements can help expose our fetish of commodities by making consumers aware that all of their actions as consumers have important social and environmental consequences. The kind of labeling done by fair trade and other consumer-based production schemes should only, then, be seen as a fledgling, initial, although crucially important, step in introducing production considerations into the consciousness of the Northern population.

While coffee may be a best-case scenario given its relatively simple production processes and early, radical entrance into the ethical consumption world, it may also demonstrate that it is possible to penetrate mainstream distribution channels without compromising either relatively transformative production criteria or greatly diluting the radical message. Chapter 4 suggests that fair trade has maintained a strong radical message, at least in its own communications with the general public. This is not to suggest that there is no tension between growth and maintaining a radical side to the movement. Rather, it suggests that in this tension, it is perhaps possible to cede less radical ground than has often been the case in other fair trade commodities or other consumer projects. In fact, the combination of a more radical alternative with the type of production transparency discussed previously could help create a much-needed distinction between strongly progressive consumer-based regulatory mechanisms, their weaker competitors, and corporate-sponsored usurpers.

There have so far been a number of perhaps not-so-subtle hints about the direction in which we would like to see fair trade progress but perhaps this is the time for a more explicit accounting. All of these changes are designed to improve fair trade's ability to combat commodity fetishism and separate fair trade from its less ambitious substitutes. The first is that fair trade should stay true to its activist roots by maintaining its commitment to criticizing the social and environmental conditions of the conventional coffee supply chain, even for those companies that dedicate part of their purchases to fair trade. The second is to ensure that, as Frank encourages, fair trade empowers workers and helps build worker organizations, as opposed to merely increasing their incomes. Indeed, research by Bray et al. (2008) suggests that fair trade (and other labels) depend on the past and continued organization of producer associations which are seen by producers to deliver a 'basket of benefits' that go beyond the immediate financial gains of certification, including such things as increasing political voice, democratization, and resource redistribution. This would certainly involve maintaining the focus on strengthening cooperatives and encouraging economic democracy in producer communities. It would also include increasing the voice of producers within the fair trade organizational structure and increasing engagement with individual producers as well as their cooperatives. Third, fair trade must stand for transparency in production. This would mean abandoning two current practices: using the same label to represent different standards in different products and permitting less committed organizations to gain the same credit as more committed members (as is the case when Nestlé's uses the same label as a 100 percent company). It should not be impossible to communicate to consumers, even on such a limited medium as labeling, when production differences exist. Finally, fair trade must not take the easy route of the 'warm glow' frame. This would blur the distinction between fair trade and what would be its increasingly similar corporate-driven alternatives. Rather, it must strive for the much more difficult and longer-term task of changing people's attitudes toward consumption.

If fair trade proposes itself as the solution to inequality, it is all that critics such as Fridell and Johnston accuse it of being. If it organizes itself as one tool in support of political change in the North and South, it can be more. While Fridell is correct in arguing that it is a much more limited, mainstreaming vision that currently dominates, fair trade's transformative potential is much broader than he admits. Fair trade may be engaged in the market, but at its most ambitious (as is the case with coffee), fair trade forces consumers to confront the conditions under which their goods and services are produced. In the coffee example, within the FLO International framework, it even encourages alternative relations of production by dealing with small-scale producers organized into democratic cooperatives. Our analysis of information asymmetry presented in Chapter 5 suggests that there will always be strong pressure for fair trade to water down its certification criteria in response to competition from other labels. There will also be pressure to expand the market share of fair trade by certifying larger-scale producers, including certifying coffee produced under capitalist relations. These are precisely the forces which underlie the FTUSA/FLO split, and which have led FTUSA to certify plantation-grown coffee, considerably intensifying the problem of label clutter. Consumers are confronted with an increasingly baffling array of labels, each meaning something substantially different, each with profoundly differing effects for coffee producers and for nature, but appearing to represent the same hazy principle: 'fairness.' As a result of these tendencies, turning to the market, and to the voluntarist, member-specific vehicle of fair trade cannot be a solution. It can, however, be a first step and a continuing support during a process of transformation.

University of Colorado sociologist Peter Leigh Taylor warned that

> one of the most serious challenges of certification and labeling initiatives today is actually to be 'in the market but not of it,' that is, to be able to pursue alternative values and objectives such as social justice and environmental sustainability without being captured by the market's conventional logic, practices and dominant actors.
>
> (Taylor 2005, 130)

Analysts like Fridell and Johnston argue that its potential will inevitably be limited by mistakenly choosing the alluring but ultimately treacherous terrain of consumption rather than the more difficult but rewarding landscape of politics. To the extent that fair trade limits itself to operating as an alternative, more ethical choice for consumers, it will remain unable to deliver anything but limited benefits to a small subsection of the developing world population fortunate enough to be producing certified products. However, in its role of peeling away the deceptively attractive mask of the commodity, fair trade can play a much more transformative role by encouraging people to seek broader changes to the way in which their activities affect other people and the planet. At least in the case of coffee, it provides a much-needed antidote to the cult of the commodity that currently dominates society, not only by encouraging consumers to consider the production process of commodities but also by fostering a genuinely transformative alternative form of production in the South. Tragically, there are signs that fair trade may be abandoning this radical potential. Most worrying in this vein is its own version of hiding production information by allowing a wide variety of very different production conditions, few of which are as rigorous as exist in our case of coffee, to be offered under the exact same fair trade label. The future of fair trade then, is, we believe, tied to the degree to which it is willing to embrace its radical potential. Pushing back toward a model that does not accommodate existing social relations of production, but that challenges them to adopt worker-controlled, cooperative forms, must not be seen as a throwback to an earlier, 'idealistic' past. It represents the most powerful way that fair trade can work 'against,' rather than simply 'in' the market.

Afterword: Fair Trade in a Boom Market

For a movement that seeks to improve the lives of Southern coffee producers, the coffee crisis in the early half of the 2000s provided a stark illustration of the inequities created by the international coffee market. Reports like Oxfam's (2002) *Mugged: Poverty in Your Cup* highlighted the devastating impact of the price collapse on coffee-producing families with dramatic section headings like 'families going hungry' and 'growing attractions of growing drugs.' When the international price bottomed out at $0.48 per pound in 2003, the fair trade message about the dysfunctional nature of the coffee industry became especially germane in both the North and the South. In the North, the coffee crisis brought home the real problems of poverty created by the coffee industry, to which fair trade's minimum price offered a concrete solution. In the South, the minimum price made fair trade cooperatives increasingly attractive purchasers as the conventional price collapsed.

But 2003 proved to be the low point for coffee prices. Between 2003 and 2011 coffee prices for Columbian Mild Arabica increased every year. There was a shift in the coffee supply landscape from uncertainty as to whether coffee suppliers could possibly survive on such limited incomes, to worries on the part of purchasers about their input prices. While increasing prices to producers is one of the principal goals of fair trade, the surge in conventional prices created some genuine problems for fair trade on the ground. When the conventional price rises above the fair trade minimum guarantee, the difference between fair trade and conventional is limited to the fair trade premium of $0.20 (half of which is supposed to go to productivity or quality improvements) and $0.30 for organic. This premium was paid to the cooperatives, not directly to the producers, so the amount that the farmer received from the cooperative was lower. In the context of price spikes like those between 2008 and 2011, producers often received higher prices at the farm gate from the conventional market than they did from fair trade. To exacerbate the temptation to abandon fair trade cooperatives in favor of the conventional market, traders can often offer immediate payment while the co-op's full payment can take much longer because it must first sell the coffee to its buyers before it can pay the producer. For a cash-strapped, small-scale Southern producer, instant payment can be very difficult to pass up. As fair trade producers switched to traders rather than their co-ops, fair trade co-ops defaulted on contracts with their Northern importers.

In some ways, the fair trade minimum price creates an inherent problem with fair trade. As the conventional price drops below the fair trade price, selling fair trade becomes increasingly attractive to producers, but increasingly distasteful to purchasers (unless fair trade can successfully foster demand for its unique label). When the price increases, the situation is reversed, so purchasers find fair trade more palatable but suppliers will find it less appealing. When the conventional price is low fair trade will have trouble with excess supply; when the conventional price is high, fair trade will have trouble meeting demand.

However, not all of the difficulties created by rising conventional coffee prices are inherent to the fair trade model. Pressure from the large roasters in the fair trade supply chain has, in general, won out over calls from the Southern producers to strengthen (or maintain, in the case of FTUSA's inclusion of plantation coffee) the fair trade criteria. As a result, the difference between fair trade and the conventional market is often difficult to see on the ground. For example, although the minimum price was above the conventional price every year since 2000, except the 2009–2011 period, as we saw in Chapter 3, it was not sufficient to move most producers out of poverty. Similarly, while the administrators of co-ops were familiar with what fair trade stood for, producers were far less aware of the specific requirements, and benefits, of fair trade. As a result, in the eyes of the producers fair trade represents, at best, a very limited set of benefits, which are most obvious in times of coffee crisis.

This is not to say that fair trade is the same as the conventional market. Fair trade, at its most radical, offers a profound alternative to large-scale, capitalist agriculture by altering the relations of production, exchange, and consumption. However, the mainstreaming process has made this distinction increasingly hard to detect, especially compared to other competing ethical labels. If fair trade had been more receptive to the demands of producers on issues like higher minimum prices, larger premiums, reduced certification fees, and a larger organizational presence for the South, the distinction between fair trade and conventional, both to the producers and the consumers, would be more obvious.

In Chapter 5 we saw that fair trade does have to compete with the conventional market and the expansion of other labels, to which it has been losing relative ground. If the fair trade price is dramatically different, this makes it less likely that the larger roasters that fair trade so covets will choose fair trade. Yet the flipside of this pressure is that there is little difference between fair trade and other methods of production (especially now that FTUSA will certify plantations).

For Northern consumers, the increasing price of conventional coffee also has conflicting effects. At the point of sale, the price differential between regular and fair trade (or any other type of specialty) coffee has decreased. Yet, so has the poverty-alleviating benefit of buying fair trade. The conventional price boom has nicely demonstrated fair trade's wisdom in focusing on an economic justice frame rather than charity. While Southern coffee producers are not living a Hollywood lifestyle from their lucrative cash crop, convincing Northern consumers to help alleviate Southern coffee producer destitution is much more difficult when the world price has increased substantially.

The rise of conventional coffee prices highlights yet another limit of fair trade's less radical, more mainstream, approach. Much of this book has been dedicated to outlining the tension in fair trade. It could create a more radical, more producer-driven, and therefore, more costly label that would inevitably face a tough, and by no means guaranteed, slog to supermarket shelves. Or it could opt for a less radical, more demand-driven, and therefore, less costly set of practices that would smooth the retail path. Fair trade has chosen option number two in its practices (although not as much in its messaging). However, the danger of this admittedly alluring path is that it diminishes the distinction between fair trade, other ethical labels, and even the conventional market for both consumers in the North and producers in the South.

Appendix: WFTO Standards for Fair Trade Organizations

Standard one: Creating opportunities for economically disadvantaged producers

Poverty reduction through trade forms a key part of the organization's aims. The organization supports marginalized small producers, whether these are independent family businesses, or grouped-in associations or co-operatives. It seeks to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership. The organization has a plan of action to carry this out.

Standard two: Transparency and accountability

The organization is transparent in its management and commercial relations. It is accountable to all its stakeholders and respects the sensitivity and confidentiality of commercial information supplied. The organization finds appropriate, participatory ways to involve employees, members, and producers in its decision-making processes. It ensures that relevant information is provided to all its trading partners. The communication channels are good and open at all levels of the supply chain.

Standard three: Trading practices

The organization trades with concern for the social, economic, and environmental well-being of marginalized small producers and does not maximize profit at their expense. It is responsible and professional in meeting its commitments in a timely manner. Suppliers respect contracts and deliver products on time and to the desired quality and specifications.

Fair Trade buyers, recognizing the financial disadvantages producers and suppliers face, ensure orders are paid on receipt of documents and according to the attached guidelines. An interest-free pre-payment of at least 50 percent is made if requested.

Where Southern Fair Trade suppliers receive a pre-payment from buyers, they ensure that this payment is passed on to the producers or farmers who make or grow their Fair Trade products.

Buyers consult with suppliers before canceling or rejecting orders. Where orders are canceled through no fault of producers or suppliers, adequate compensation is guaranteed for work already done. Suppliers and producers consult with buyers if there is a problem with delivery, and ensure compensation is provided when delivered quantities and qualities do not match those invoiced.

The organization maintains long-term relationships based on solidarity, trust, and mutual respect that contribute to the promotion and growth of Fair Trade.

It maintains effective communication with its trading partners. Parties involved in a trading relationship seek to increase the volume of the trade between them and the value and diversity of their product offer as a means of growing Fair Trade for the producers in order to increase their incomes. The organization works cooperatively with the other Fair Trade organizations in the country and avoids unfair competition. It avoids duplicating the designs of patterns of other organizations without permission.

Standard four: Payment of a fair price

A fair price is one that has been mutually agreed by all through dialog and participation, which provides fair pay to the producers and can also be sustained by the market. Where Fair Trade pricing structures exist, these are used as a minimum. Fair pay means provision of socially acceptable remuneration (in the local context) considered by producers themselves to be fair and which takes into account the principle of equal pay for equal work by women and men. Fair Trade marketing and importing organizations support capacity building as required to producers, to enable them to set a fair price.

Standard five: Child labor and forced labor

The organization adheres to the UN Convention on the Rights of the Child, and national/local law on the employment of children. The organization ensures that there is no forced labor in its workforce and/or members or homeworkers.

Organizations who buy Fair Trade products from producer groups either directly or through intermediaries ensure that no forced labor is used in production and the producer complies with the UN Convention on the Rights of the Child, and national/local law on the employment of children. Any involvement of children in the production of Fair Trade products (including learning a traditional art or craft) is always disclosed and monitored and does not adversely affect the children's well-being, security, educational requirements, and need for play.

Standard six: Non-discrimination, gender equity and freedom of association

The organization does not discriminate in hiring, remuneration, access to training, promotion, termination, or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/AIDS status, or age. The organization provides opportunities for women and men to develop their skills and actively promotes applications from women for job vacancies and for leadership positions in the organization. The organization takes into account the special health and safety needs of pregnant women and breast-feeding mothers. Women fully participate in decisions concerning the use of benefits accruing from the production process.

The organization respects the right of all employees to form and join trade unions of their choice and to bargain collectively. Where the right to join trade unions and bargain collectively is restricted by law and/or political environment, the organization will enable means of independent and free association and bargaining for employees. The organization ensures that representatives of employees are not subject to discrimination in the workplace.

Organizations working directly with producers ensure that women are always paid for their contribution to the production process, and when women do the same work as men they are paid the same rates as men. Organizations also seek to ensure that in production situations where women's work is valued less highly than men's work, women's work is re-valued to equalize pay rates and women are allowed to undertake work according to their capacities.

Standard seven: Working conditions

The organization provides a safe and healthy working environment for employees and/or members. It complies, at a minimum, with national and local laws and ILO conventions on health and safety.

Working hours and conditions for employees and/or members (and any homeworkers) comply with conditions established by national and local laws and ILO conventions.

Fair Trade organizations are aware of the health and safety conditions in the producer groups they buy from. They seek, on an ongoing basis, to raise awareness of health and safety issues and improve health and safety practices in producer groups.

Standard eight: Capacity building

The organization seeks to increase positive developmental impacts for small, marginalized producers through Fair Trade.

The organization develops the skills and capabilities of its own employees or members. Organizations working directly with small producers develop specific activities to help these producers improve their management skills, production capabilities and access to markets—local/regional/international/Fair Trade and mainstream as appropriate. Organizations which buy Fair Trade products through Fair Trade intermediaries in the South assist these organizations to develop their capacity to support the marginalized producer groups that they work with.

Standard nine: Promotion of Fair Trade

The organization raises awareness of the aim of Fair Trade and of the need for greater justice in world trade through Fair Trade. It advocates for the objectives and activities of Fair Trade according to the scope of the organization. The organization provides its customers with information about itself, the products it markets, and the producer organizations or members that make or harvest the products. Honest advertising and marketing techniques are always used.

Standard ten: Environment

Organizations which produce Fair Trade products maximize the use of raw materials from sustainably managed sources in their ranges, buying locally when possible. They use production technologies that seek to reduce energy consumption and where possible use renewable energy technologies that minimize greenhouse gas emissions. They seek to minimize the impact of their waste stream on the environment. Fair Trade agricultural commodity producers minimize their environmental impacts by using organic or low-pesticide use production methods wherever possible.

Buyers and importers of Fair Trade products give priority to buying products made from raw materials that originate from sustainably managed sources, and have the least overall impact on the environment.

All organizations use recycled or easily biodegradable materials for packing to the extent possible, and goods are dispatched by sea wherever possible.

Source: http://www.wfto.com/index.php?option=com_content&task=view&id=2&Itemid=14, accessed June 8, 2010.

Notes

1 Things and What They Hide

1. It is noteworthy that the lead paragraph in the Walmart press release quoted above makes no mention of producers. 'Eco-friendly products' are on the shelves to help *consumers* 'live better without sacrificing budget' (with the likely benefit of substantial profitability for the retailer) and not in order to help *producers* live better.
2. Initially FTUSA floated a standard of 25 percent for the 'whole product' seal, and 10 percent for the 'ingredients' seal, meaning that a chocolate bar with one-quarter fair trade content would be labeled as 'fair trade' while a snack with 10 percent fair trade sugar would have the 'fair trade ingredients' label. It has since increased these to 95 percent and 20 percent, respectively (Fair World Project 2012).
3. The *New York Times*' Thomas Friedman famously referred to 'anti-globalization' protesters, who aren't, for the most part, protesting globalization, but Friedman's (1999) preferred mode of globalization, as 'a Noah's Ark of flat-earth advocates.' Mike Moore, then Director-General of the World Trade Organization, tarred a group of such protesters by declaring to journalists that 'The people that stand outside and say they work in the interests of the poorest people . . . they make me want to vomit. Because the poorest people on our planet, they are the ones that need us the most' (quoted in Hopkins 2001). Paul Krugman claimed that 'The anti-globalisation movement already has a remarkable track record of hurting the very people and causes it claims to champion.' 'Whatever their intentions,' he claimed of protesters in Geneva, 'they were doing their best to make the poor even poorer' (George 2001). President George W. Bush, in a statement to *Le Monde*, reiterated the point: 'The demonstrators are condemning people to poverty' (George 2001).
4. See Pogge and Reddy (2003) and Wade (2004) for a convincing critique of World Bank numbers, which concludes that we really have no idea about trends in global poverty, but that World Bank numbers likely grossly underestimate poverty. For a review of the methodological issues plaguing an array of studies on inequality, see Anand and Segal (2008).
5. This argument was first published by the authors in Ian Hudson and Mark Hudson (2003) 'Removing the Veil: Commodity Fetishism, Fair Trade and the Environment,' *Organization & Environment*, 16(4): 413–430.
6. Meaning, in this context, environmentally benign, or superior relative to other production processes.
7. In fact, as Taylor (2005, 131) points out quite rightly, markets are, in practice, always embedded in relations of governance. The struggle is over the form of these relations. Gramsci (1997, 160) precedes economic sociology's insight here, arguing that '*laissez-faire* too is a form of State "regulation," introduced and maintained by legislative and coercive means. It is a deliberate policy,

conscious of its own ends, and not the spontaneous, automatic expression of economic facts.'

2 Car Trunks to Shipping Containers

1. As we discuss later in this chapter, some of the ideas and tactics of fair trade were used by earlier social movements, including the abolition struggles of the eighteenth and nineteenth centuries. See Hussey (2012).
2. This is not to suggest that fair trade consumers necessarily construct their fair trade purchases as being in the pursuit of justice. Many likely see it as charity. Movement activists, and the key organizations in the fair trade movement, however, work diligently to construct fair trade as an attempt to build a more just order of international exchange.
3. For an excellent discussion of the context of fair trade's blooming, see Fridell (2007a, 28–32).
4. This was universally the case until 2012. The FTUSA standards allow certification of coffee produced under standard capitalist relations, with assurances concerning workers' rights to organize, worker participation in the disposal of fair trade premiums, and basic protections at work. See Fair Trade USA (2011).

3 The Persistence of Poverty

1. Interview, members and directiva, ISMAM, Tapachula, Chiapas, May 27, 1997.
2. Interviews, directivas, La Unión Majomut, ISMAM, and Batsil Maya, various locations and dates.
3. Interview, ISMAM directiva, Tapachula, Chiapas, May 28, 1997.
4. Interview, technical team member, La Unión Majomut, San Cristóbal De Las Casas, Chiapas, May 24, 1997.
5. Interview, member, La Unión Majomut, Polhó, Chiapas, June 3, 1997.
6. Interviews, members, La Unión Majomut, Municipality of Chenalhó, Chiapas, various dates, and directiva, ISMAM, Tapachula, Chiapas, May 28, 1997.
7. Interview, directiva, ISMAM, Tapachula, Chiapas, May 29, 1997.

4 Free Riding and the Fairness Frame

1. In Heal's model, consumers value biodiversity. He argues that when a profit maximizing firm sells a private good that contributes to biodiversity, and it is possible to signal this to the consumer willing to pay for biodiversity, it is possible that the efficient level of the public good will be provided. It is the ability to charge consumers their full willingness to pay (or a 'sufficiently large fraction' for a discrete public good that is either provided or not provided) for the combined public and private good that provides the incentive for the firm to link biodiversity to its private good. Heal's example of protecting biodiversity is game ranching, which seems to fit poorly with his single

firm model, although he claims that they are local monopolists. His view that the quantity of biodiversity provided through this mechanism is 'sufficient to ensure conservation' also seems highly optimistic (Heal 2003, 560). Again, the author points out that this solution is only possible when people who value the public good are in a position to purchase the private good, a situation that seems particularly inappropriate to the ecotourism example.

2. They model the activity of firms that can either produce goods linked to the public good, or those that are not linked. Goods that are linked are more expensive, but are preferred by consumers. Rather than benefiting from the overall quantity of public good provided, consumers benefit from participating in the provision of the public good (the 'warm glow'). Thus, public goods provision is only possible for the kinds of public goods in which consumers value participation. It is entirely possible that the goods for which consumers feel the strongest warm glow are not the ones that generate the largest increase in social welfare (Bagnoli and Watts 2003).
3. The authors attempted to inject some realism into the survey using a clever research design that would randomly pay off a percentage of the participants according to their responses. So, those who claimed they would pay more for renewable energy had a lower final possible payoff at the end of the study.
4. They further caution that despite their results, in the real German electricity market, only 1 percent of customers have opted for a green electricity program (Menges et al. 2005, 459).
5. Furthermore, in a round of interviews carried out immediately following the purchase, they found that of those who noticed the label, understood what it meant, and otherwise didn't care about the small differences between the socks, 57 percent were willing to pay the premium (Kimeldorf et al. 2006, 27).
6. When environmental groups highlighted the number of dolphins that were killed while fishing for tuna with purse seine nets, it led to the passage of the International Dolphin Conservation Program Act, under which only tuna caught without killing too many dolphins could be labeled as dolphin friendly.
7. This is not to dismiss the difficulty in doing so. Lukes' (1974) classic essay on power, while pointing out that power is exercised in the realm of preference formation, also points out how difficult it is to see this form of power operating empirically. Nonetheless, his essay provides a strong argument for attempting to pry open the black-box of preferences in discussions of power.
8. See, for a classic example, McAdam's (1982) argument that both the mechanization of cotton production and the politics of Cold War foreign policy worked at different times to enable African American protest in the United States.
9. As noted above, RM emerged as a response to rational choice theory, which was laden with asocial assumptions that obscured the social motivations—social networks, social identities and hierarchies, and social rationality—of social movement adherents. One of RM's key questions is what brings people out of their routines to participate in social movements, and one of its key assumptions is that such participation entails costs. Costs, in the economics tradition, imply a calculation on the part of participants about whether there is some net benefit to be derived from participation that make it worth

bearing the costs (this is particularly the case as the risks of participation mount). Without the strict training and socialization in individualism that a disciplinary tradition such as economics instills over many years, individuals' cost-benefit calculations are often significantly complicated, even rendered unrecognizable, by their social networks, social hierarchies, and social rationality.

Olson's theory prompted him (1965) to insist on the necessity of additional, selective incentives for participants to overcome free riding. Yet Olson's argument is stymied by the fact that people seem maddeningly insistent on participating on the basis of collective identities, network affiliations, solidarity or principle, even—and in some cases especially—when they think that nobody else is going to do it; see Knoke (1988) for a review; also Hirsch (1986); Marwell and Oliver (1993); Polletta and Jasper (2001). Because of this empirical evidence, sociological inquiry insists upon looking for motivational bases for action that assume a *socially embedded* actor, rather than a bundle of exogenously determined preferences floating in a space of available choices.

This rejection of the starting point of rational choice theory, however, does not mean that what economics refers to as free riding ceases to be understood as a problem.

10. As marginal as did those of the counterhegemonic conservative movement for the 30 years between World War II and the Nixon Administration in the United States (or the Thatcher Administration in the United Kingdom). On the other hand, some public intellectuals within the conservative movement explicitly attribute the recent 30 years of conservative hegemony to having previously laid a counterhegemonic ideological groundwork. They strategically used their prodigious funding to develop and diffuse a network of conservative ideas, during the 30-year interregnum when those ideas had little purchase, through think tanks, academic chairs and grants, and teach-in luncheons for journalists (Desai 1994; Piereson 2005). Resources and frame *innovation* were the twin pillars of the modern neoliberal and neoconservative co-movements' successes in both creating and capitalizing on political opportunity structure.
11. People's cooperative nature has been directly applied to the question of income redistribution. What researchers have discovered is that people's willingness to cooperate by donating to the income of others is inexorably related to their perceptions of fairness (Bowles 2004, 113). People are more generous when they feel that the recipients of their generosity are genuinely deserving (for example, are impoverished through no fault of their own).

5 Power and Consumption: Corporate Countermovement and the Threat of Asymmetry

1. This statement would have more weight if the producers' share of the final retail price were not so small and the share of the P&G mark-up so large as was documented in the value chain analysis from Chapter 3.
2. Brammer and Millington group together those with a financial stake (shareholders, creditors) and those with a moral concern (such as social movement

actors) under the banner 'stakeholders.' However, their analysis does suggest that pressure from outside the corporation to uphold an ethical standard is a significant determinant of corporate giving.

3. Sara Lee left the 4C in 2010.
4. A 2003 NCA media analysis report stated that, 'The NCA media strategy is to maintain its acceptance by national media as a primary source of information on trade and market issues regarding the U.S. coffee industry.' To that effect, the 'NCA appeared during the 1st quarter in The Wall Street Journal, San Francisco Chronicle, Washington Times, Denver Poster and Reuters and Oster/Dow Jones articles providing expert commentary on coffee trends, as well as listed in the Cleveland Plain Dealer, Atlanta Journal Constitution, Columbus Dispatch and others as an authoritative source of information about coffee ... The National Coffee Association continues to be presented as an expert and impartial source of information on the industry and coffee consumer' (National Coffee Association 2003).
5. Direct Trade (with capitals) is a trademark of Intelligentsia Coffee Company, and this company articulates a set of standards that qualify a coffee to be considered Direct Trade. Direct trade, however, also refers to the broad set of trading practices aimed at transparency in the commodity value chain, ensuring high quality coffee through close interaction between roasters and growers, and the payment of a premium for high quality coffee (Intelligentsia n.d.; Meehan 2007).

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