2

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

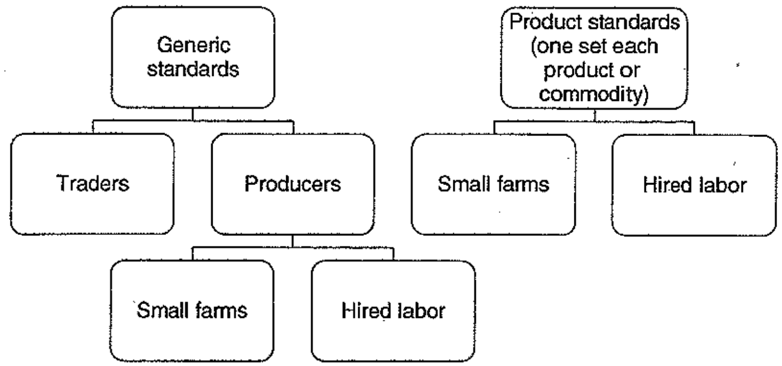

Figure 2.1 FLO international's standards for fair trade

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.

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.

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.