

27 The Global Fair Trade Movement: For Whom, By Whom, How, and What Next

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Acronyms

AJP –	Agricultural Justice Project
ATO –	Alternative Trade Organization
CIW –	Coalition of Immokalee Workers
DFTA –	Domestic Fair Trade Association
FI –	Fairtrade International
FTAO –	Fair Trade Advocacy Organization
FTF –	Fair Trade Federation
FTIS –	Fair Trade International Symposium
NGO –	Non-Governmental Organization
SPP –	Símbolo de los Pequeños Productores (Small Producers' Symbol)
WFTO –	World Fair Trade Organization
WDSR –	Worker-Driven Social Responsibility

1 Introduction

“Fair trade” is a vision for a world in which “justice and sustainable development are at the heart of trade structures and practices.” The goal is for “everyone, through their work, to maintain a decent and dignified livelihood and develop their full human potential” (FI & WFTO 2009). The global fair trade movement is comprised of non-governmental organizations (NGOs), businesses, social enterprises, communities, faith groups, consumer advocacy networks, and others committed to this idea. Fair trade advocates focus on the ways in which market transactions impact groups that are vulnerable to marginalization (exclusion from the market), oppression (limited opportunities and/or freedoms), and/or exploitation (over-work and/or under-compensation) (Raynolds and Bennett, 2015).

This chapter aims to provide a snapshot of the current fair trade movement by addressing four provocative questions: 1) Fair trade for whom? 2) Fair trade by whom? 3) How may fair trade labeling and certification support these goals (or not)?

and 4) What next for fair trade's approach to capitalism and the state? For new readers, the chapter provides an introduction to fair trade that focuses primarily on the current moment. For readers more familiar with fair trade, it offers an updated summary of key debates in the field, drawing heavily on literature published in the last five years.¹ This chapter also highlights linkages between fair trade and the environment. It describes the ways in which fair trade can support environmental conservation, raises questions about climate justice, and shows how certification programs can pit people against the planet, rather than supporting both. The following section provides basic background information on the fair trade movement.

2 Historic and Contemporary Fair Trade

Consumers have long used their purchasing power as a tool for social change (Boström, Micheletti, & Oosterveer 2019). In the 1820s, for example, US Quakers and free Black abolitionists spearheaded the “free produce” movement and promoted cotton, clothing, sugar without slave labor to support the abolition movement (Brown 2015). In the mid-twentieth century, several initiatives emerged in the US and Europe to empower economically disadvantaged groups through direct trade relationships based on trust and equity. For example, in the 1940s, an American Mennonite nun imported and sold Puerto Rican artisans' handicrafts without keeping a share of the profits. Likewise, European groups imported and sold handicrafts from communities affected by war or experiencing poverty (Anderson 2015; Brown 2015). These initiatives are often identified as the origins of the contemporary fair trade movement (van Dam 2015). In the 1950s, 60s, and 70s, these small-scale practices expanded and extended to new regions and products. “Alternative trade organizations” (ATOs) such as Ten Thousand Villages published mail-order catalogues and opened brick-and mortar “world shops” to bolster sales of fairly traded goods (Bennett 2012a).

In the late 1980s a group of fair trade organizers decided to increase fair trade sales by collaborating with conventional brands and retailers, a practice called “mainstreaming.” Working with businesses *not* oriented around fairness was (and still is) very contentious within the movement. Supporters of this tactic developed a label that could be used by mainstream brands (e.g., well known chocolatiers or coffee roasters) to market a line of their products as “fair trade.” These products would then be sold in conventional supermarkets, as opposed to world shops. By the late 1990s several fair trade labels had emerged, and in 1997 they united to form Fairtrade International (FI, formerly Fairtrade Labelling Organization, or FLO). Today, FI is the largest fair trade certification program in the world, though several others have

¹ This chapter synthesizes analysis from my own scholarship and academic engagement in the field, my co-edited *Handbook of Research on Fair Trade* (Raynolds & Bennett 2015), a review (in early 2018) of nearly 700 books and articles on fair trade, most published in the previous five years, and participation in the two most recent Fair Trade International Symposium (FTIS) meetings. Those interested in learning more may wish to explore the Fair Trade Institute website (www.fairtrade-institute.org) or participate in the next Fair Trade International Symposium (FTIS) (www.fairtradeinternationalsymposium.org/ftis2018).

emerged (Bennett, 2012a). Fair trade certification programs include not only social criteria but also environmental standards, as discussed in the following section.

Today, numerous and diverse market actors identify their work as “fair trade.” Some fair trade businesses commit to fully integrating fairness into their business model, while others simply include fair trade certified products in their supply chain. Some fair trade consumers contribute to the movement by educating their communities through the Fairtrade Towns programs, while others simply “vote with their dollar” (Samuel, Peattie, & Doherty 2018). Surveys and market studies show that consumers are willing to pay more for fairly traded products, but the amounts vary by consumer demographic and type of product (GlobeScan, 2016; Marconi, Hooker & DiMarcello 2017). The global fair trade movement is diverse, decentralized, contentious, and rapidly expanding. The following sections highlight today’s most salient debates: For whom? By whom? How? and What next?

3 Fair Trade for Whom?

Ethical consumerism, as a tool, can be leveraged to benefit any community or group.² From the 1940s to 1990s, “fair trade” and “alternative trade” typically referred to market interventions and consumer practices in the Global North³ that supported people in the Global South (or refugees in the North) who were experiencing economic adversity and related challenges (such as lack of access to education or health care).⁴ Fair trade advocates often educated themselves and their communities about the ways in which international trade agreements benefitted the Global North and the legacies of colonialism, more broadly. They used the expression “trade not aid” to express the idea that trade justice would be more successful in empowering citizens of the Global South than charity, foreign aid, or other types of development programs. In the 1990s, as globalization transformed labor dynamics worldwide, the concept of “fair labor” emerged to recognize that issues of fairness are not limited to international trade, but also occur within domestic markets.

Today, the question “Fair trade for whom?” is highly contentious and often contended. This section highlights four debates within this conversation. First, fair trade was initiated to support smallholder farmers and artisan cooperatives – should it expand to support workers on large plantations? Second, fair trade was initiated as a way for groups in wealthier countries to support communities vulnerable to exploitation, oppression, marginalization, or poverty in poorer countries – should it expand to support struggling populations in the Global North? Third, can the fair trade concept be expanded to support the world’s most vulnerable populations, such

2 As Stolle and Huissoud (2019), Micheletti and Oral (2019), and Lekakis (2019) illustrate, ethical consumerism can be used to advance anti-democratic, racist, or nationalist causes just as easily as the progressive agenda with which it is typically associated.

3 Note that here “North” refers to developed, wealthy, high income, or “First World” countries, as opposed to the geographic region of the Northern Hemisphere.

4 See Naylor (2014), p. 275, on the concept of “Global North” and “Global South” in the context of fair trade.

as migrants, women, homeworkers, and refugees? Finally, to what extent can and should fair trade be used to pursue environmental objectives?

3.1 Which Groups in the Global South?

In the twentieth century, fair and alternative trade efforts typically targeted smallholder farmers (farmers who own and farm their own small plot of land) and small-scale artisans. Fair trade advocates sought out existing coops and helped form new cooperative associations. The idea was that by strengthening grassroots organizations, supporting resistance against land-grabs, and promoting political solidarity networks, fair trade could not only provide market access but also support broader social change. Although fair trade has historically aimed to support smallholder farmers, in some contexts it has been extended to people without land who are working on large plantations, such as tea pluckers in India, who have participated in fair trade since the 1980s (see Besky 2015).

As fair trade expands to new products one debate is whether the movement should target smallholder farmers or (landless) workers hired to work on large estates. Supporters of estate certification argue that fair trade should target the most vulnerable populations (e.g., landless laborers), that some corporations will only buy fair trade from estates (so certifying them does not create competition with smallholders), and that including workers allows the benefits of fair trade to reach more people. Those who oppose certifying estates argue that Fairtrade certification may not be as effective or transformative for hired laborers as it is for smallholder producers, which has been the case in tea, for example. They also argue that supporting smallholders can catalyze rural social movements, slow urban migration, and support sustainable agriculture. The debate about whether or not fair trade should be extended to coffee estates became heated in 2012. Ultimately, FI decided that for coffee it would only certify smallholder farmer cooperatives – not estates. In response, one board member withdrew from the organization and established a new fair trade label, FairTrade USA, committed to supporting hired laborers on coffee plantations (see Cole & Brown 2014; Raynolds 2014; Bennett 2016; Linton & Rosty 2015; Jaffee & Howard 2016; Valiente-Riedl 2016).

3.2 Vulnerable Groups in the Global North?

As unionists and social justice advocates have long pointed out, exploitation, oppression, and marginalization are not limited to the Global South. In the 1990s globalization and emerging organic certification programs increased attention to labor exploitation in the Global North. Simultaneously, Fairtrade International's certification program gained worldwide recognition. In this context, several "fair labor" and domestic fair trade groups have emerged in the North. Supporters of fair trade production in the Global North argue it is appropriate to leverage public awareness of international fair trade to draw attention to labor issues in all countries. Opponents argue that fair trade should continue in its tradition of highlighting *international* drivers of *global* inequalities and addressing colonial legacies. Some also suggest that a North/South model of fair trade

may wrongly reify, stereotype, or normalize differences between North and South instead of closing the opportunity gap between them (Leissle 2012; Naylor 2014). Further complicating this debate is the emergence of South–South fair trade, which fair trade items produced in the South are also sold in the South (and not exclusively to international tourist populations) (Doherty, Smith, & Parker 2015). Today, much of the movement remains focused on the South, but in solidarity with efforts to benefit people in the North (see Naylor 2014; Brown & Getz 2015; Howard & Allen 2016). In 2009, the WFTO and Fairtrade International issued a joint statement that emphasized this point:

Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity **in international trade**. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – **especially in the South**. (FI & WFTO 2009, emphasis added)

In the United States, the Domestic Fair Trade Association (DFTA), Agricultural Justice Project (AJP), and Worker-Driven Social Responsibility (WDSR) Network are committed to extending fair trade concepts to vulnerable workers within the country.

3.3 Excluded Populations

Studies suggest that fair trade initiatives, because of both which groups they have targeted and how they have been organized, have excluded some of the most marginalized populations including migrant workers, unorganized smallholder farmers, home workers, and processors of agricultural products (e.g., Cramer et al. 2014; Loconto & Dankers 2014; Pinto et al. 2014). Although some fair trade initiatives specifically aim to support women – with varying levels of success – such as Café Femenino (Alegria 2016), others have failed to address barriers to women’s leadership and participation (Smith, Kuruganti & Gema 2015). Similarly, despite fair trade’s historic and ongoing work to prevent the necessity of economic migration (Lewis & Runsten 2008) and support refugees (Blanchard & Mackey 2018), few initiatives focus on undocumented workers without asylum status.

3.4 Fair Trade and the Environment

The question of whether and how fair trade could, should, or must address environmental issues is also contentious. Although transportation, processing, packaging, and retail space can generate adverse environmental consequences, the fair trade movement has largely focused on environmental issues at the farm level. Some argue fair trade producers should be *required* to engage in environmentally conscientious practices, such as organic farming, as doing so may promote long-term sustainability, increase income, and attract consumers. Opponents, however, interpret this as a form paternalism, hypocrisy, and neocolonial control. They highlight the ways in which overconsumption and industrialization in the North have generated environmental problems

and suggest marginalized groups in the South should not be required to address the consequences. This debate is further complicated by climate change, however, as commodity producers face increased vulnerability and risk (see Noble 2017; Jaffee & Howard 2010). Fairtrade International's environmental standards prohibit many agricultural inputs and provide price incentives to comply with organic standards. It is challenging to parse out whether and how these standards affect producers' practices and participation in fair trade. Additionally, the relationship between fair trade and environmental outcomes may differ by region, year, and sector. Yet, a study of coffee from Latin America and the Caribbean may be illustrative, as coffee is the greatest fair trade product (by sales) and 80 percent of the world's fair trade coffee comes from the region. The findings suggest that fair trade can *directly* benefit the environment by reducing agrichemical use and increasing adoption of organic methods. *Indirectly*, fair trade can support biodiversity, water conservation, nutrient cycling, erosion control, pollination, and pest control (Bacon, Rice, & Maryanski 2015). Despite these potential benefits, some argue that the fair trade model – even with strict environmental requirements – fails to address environmental issues related to monocrop farming, especially when applied to large cash crop estates (Jaffee & Howard 2010). While fair trade initiatives generally aim to prioritize their commitments to fairness with environmental concerns, eco-labels and sustainability certifications tend to put environment first. This tension (between fair trade and sustainability labeling) can pit people against the environment, instead of finding ways to support both (Bennett 2018).

This section highlighted several debates about “who counts” as a legitimate beneficiary of fair trade. They point to the challenge of whether and how to privilege one group over another (Besky 2015; Jaffee & Howard 2016). At its best, these conversations are about collaboration among actors with different allegiances. At worst, it might be considered a form of biopolitical sorting, suggesting that some bodies count more than others, and are thus more worthy of empowerment and economic justice (Guthman & Brown 2016).

4 Fair Trade by Whom?

From the 1940s to the late 1980s, fair and alternative trade initiatives were typically organized as partnerships between 100 percent committed companies or NGOs (in the North) and producers of fair trade goods (in the South). Organizers in the North often described their role as “empowering” producers to increase their agency and shape their own lives and livelihoods. For many, this is what distinguished fair trade from charity. Since the 1990s, other types of actors have been facilitating fair trade in new and different ways. Both then and now, the politics of *who* decides *what* is fair are not only fraught with controversy but also of serious consequence – empowerment and development programs are much more effective when the target beneficiaries are in charge (Bacon 2010; Koenig-Archibugi 2017; Reynolds 2017). This section examines who is organizing fair trade and to what extent they have succeeded at including producers in leadership – a form of empowerment in itself.

4.1 Fair Trade Authorities

Fairtrade International and the World Fair Trade Organization (WFTO, formerly IFAT) are widely recognized as the fair trade movement's most powerful organizations, though their perspectives are not necessarily representative of the broader movement (Bennett 2012b). Fairtrade International, the world's largest certification organization, is led by a Board of Directors and Membership Assembly. Votes are evenly shared between the producers of fair trade goods and the NGOs responsible for marketing them (Bennett 2016).⁵ Some critics suggest that this model still limits producer empowerment because corporations can influence standards (both through their purchasing power and direct participation in the standards-setting process) (Jaffee 2014), producers lack sufficient resources to facilitate democratic leadership among themselves (Sutton 2013), and dialogue with unions remains limited (Stevis 2015). Compared to other large, global standards-setting organizations, however, it is much more inclusive of the target beneficiaries (Bennett 2017).

The WFTO is a membership for seriously committed fair trade businesses. It self-identifies as the “global authority on” and “guardian of” fair trade values and principles (WFTO 2018). WFTO's president identifies wealth distribution as the most critical problem in the world and argues that conventional business models are hardwired to exacerbate inequality (Dalvai 2018). Its 400 members, located in seventy-five countries, are divided into five world regions (Pacific/North America, Asia/Africa, Europe, Latin America, and Africa/Middle East), each of which has its own governance system and is represented on the board of directors. Membership is contingent on passing through a process of self-assessment (every 2–3 years), monitoring audits (every 2–6 years), and peer visits (every 2–6 years). An online participatory monitoring mechanism invites both the members and the public to submit statements of concern about members' practices (Davenport & Low 2013).

4.2 Companies and Brands

Today, many companies, brands, and social enterprises identify as “100% fair trade.” Fair trade principles are at the heart of their business models. Divine Chocolate, for example, is a UK-based chocolatier that is 50 percent owned by the Ghanaian cocoa producer organization Kuapa Kokoo. Equal Exchange, a US-based worker-owned cooperative, fosters fair trade relationships with the producers of the products it sources. Individuals who develop fair trade businesses are often driven by values, altruism, and an impactful experience relevant to fair trade (Brown 2015). The alternative trade models they create can go further toward empowering producers than simply trading certified products (Doherty & Huybrechts 2013; Cater, Collins & Beal 2017). Fair trade-oriented companies can apply to join the WFTO. In the United States and Canada,

5 Although it was not always this way – producers were sometimes excluded from leadership because the marketing organizations thought it would increase the certification's credibility with consumers (see Bennett 2016).

companies are also eligible to join the Fair Trade Federation, a membership organization of over 250 fair trade companies that:

- 1) Create opportunities for economically and socially marginalized producers;
- 2) Develop transparent and accountable relationships;
- 3) Build capacity;
- 4) Promote fair trade;
- 5) Pay promptly and fairly;
- 6) Support safe and empowering working conditions;
- 7) Ensure the rights of children;
- 8) Cultivate environmental stewardship; and
- 9) Respect cultural identity. (FTF 2018)

Companies that are not fully oriented around fair trade (and would thus not be eligible for Fair Trade Federation membership) also engage in fair trade by buying fair trade certified products and/or developing company codes of conduct that include fair trade principles. Research on these types of companies show that there is great diversity in the extent to which these activities contribute to fair trade outcomes. Advocates of this type of engagement often note that large multinational companies can have profound impact on global supply chains. They can purchase large quantities of fair trade certified products, shift norms of “acceptable” labor standards, and invest profits in research, product development, and educational programs that can empower producers. Critics suggest that companies that engage with fair trade in superficial ways may be more interested in marketing, protecting economic interests, and mitigating brand risks than empowering producers. “Fair washing” (making trade *appear* fair, even it is not) can confuse consumers about which initiatives to believe in and support, and may thus prevent a challenge to the fair trade movement (Doherty, Davies, & Tranchell 2013; Elder, Lister & Dauvergne 2014; Barrientos 2016).

4.3 Multi-Stakeholder Initiatives

Around the turn of the twenty-first century, companies, NGOs, and businesses began creating “multi-stakeholder initiatives” (MSIs) – organizations, typically non-profit, charged with developing voluntary standards and certification programs to facilitate sustainability and fair labor certifications. As the name suggests, they are developed and governed by diverse stakeholders. Advocates suggest that this gives traditionally marginalized groups a seat at the decision-making table and facilitates cooperation and collective action among corporations accustomed to competing with one another. Critics note that MSIs’ governance structures, as described in their constitutions, often exclude hired workers and smallholder farmers, or give them few votes, compared to traditionally powerful groups (Bennett 2017). They also note that even when traditionally marginalized groups are (formally) included, their perspectives may be dismissed, ignored, or bureaucratically limited from impacting policy outcomes (Fransen 2012; Kohne 2014; Cheyns 2014; Cheyns & Riisgaard 2014).

4.4 New Models of Empowerment

In the last decade, the producers of fair trade products have initiated several high-profile fair trade ventures. The Small Producer Symbol (or *Símbolo de los Pequeños Productores*, SPP) is a fair trade certification system launched by Latin American smallholder producers, for smallholder producers in 2011. Its standards reflect the challenges that producers have faced in participating in other fair trade certification programs. For example, buyers (e.g., coffee roasters in the Global North) must commit to purchasing at least 5 percent of their overall volume from SPP producers in order to use the logo (Renard & Loconto 2012). In the United States, the Worker-Driven Social Responsibility (WDSR) network includes several producer-initiated fair labor programs. One is the Fair Food Program, an initiative of the Coalition of Immokalee Workers (CIW). The CIW is a worker-based human rights organization in southwest Florida. Its Fair Food Program is a worker-driven farm certification program that recruits major fast food franchises (such as McDonald's) to sign a legally binding contract to only purchase produce from Fair Food certified farms (Brudney 2016; CIW 2018). Similarly, the Milk with Dignity campaign, launched in 2014, requires participating companies to sign a legally enforceable contract in which they commit to sourcing all dairy from farms that adopt a farmworker-authored code of conduct, educate farm workers about their rights, and permit third party compliance audits. Companies must also contribute to economic justice through premiums paid directly to farmers and farm workers. In 2017, Ben & Jerry's signed the first Milk with Dignity Agreement. Due to the ice cream company's large purchasing volume, the majority of Vermont's dairy farmers are now employed on Milk with Dignity farms (Milk with Dignity 2018).⁶ The SPP, Fair Food, and Milk with Dignity are all driven by farmers and farm workers and emerged in explicit response to – and as a critique of – top-down, elite-led, corporate-run fair trade initiatives and social responsibility programs that can reify status quo (unfair) social and economic relationships (Gordon 2017).

5 Why (Not) Labeling and Certification?

Today, there are several fair trade certification programs as well as many sustainability certification programs that include standards related to the principles of fair trade (Bennett, 2017).⁷ While every program is different, typically a non-profit organization (e.g., Fairtrade International) brings stakeholders (companies, farmers, environmentalists, etc.) together to develop standards for what “counts” as fair trade and which types of groups are eligible for certification. An eligible group (e.g., a cocoa cooperative) pays a third party auditor (e.g., SCS Global Services) to conduct a site visit to collect data, and evaluate whether the organization is in compliance with the standards. The standards-setting organization then determines whether the

6 For more on labor justice in the US dairy sector, see Keller 2019.

7 For a consumer's guide to fair trade labels, see the Fair World Project's “Reference Guide” (2019, updated version forthcoming).

audited entity can be certified. Brands (e.g., Green & Black, a chocolatier) purchase the certified products and pay the standards-setting organization (e.g., Fairtrade International) a licensing fee to use the logo on their packaging and in their marketing materials.

There are many benefits of using certification as a tool to facilitate fair trade. First, collective standards-setting, publicly available standards, and third party verification can lend credibility to fair trade claims and elicit higher prices for producers (Distelhorst & Locke 2018). Second, certified goods can be incorporated into conventional (non-fair trade) supply chains, increasing the fair trade market size (Raynolds 2012). Third, environmental labels may aim to increase their appeal by adding in some social standards – improving labor conditions within environmental programs (Brown & Getz 2008).

Certification programs also generate many challenges, risks, and negative externalities. First, the standards-setting process can privilege some types of knowledge over others (Loconto & Hatanaka 2017), marginalize some types of groups, and lack transparency (Ponte and Cheyns 2013). Second, standards and auditing criteria may not capture the complexity of reality (Loconto 2015). Third, producers are required to pay an auditing fee but are not guaranteed to receive a higher price (Ortiz-Miranda & Moragues-Faus 2015). Fourth, certifications typically target some aspects of the supply chain but not others. For example, Fair Trade USA's textiles must be cut and sewn at a certified factory, but earlier stages of preparing the textile may occur at uncertified processors. Fifth, the message that consumers can promote trade justice by simply “looking for the label” conceals the complexities of trade justice and (paradoxically) can contribute to “commodity fetishism” – a cultural process in which the products of labor are given social value, and the people producing them are reduced to factors of production (Gunderson 2013, drawing on Marx 1977 [1867]). Finally, comparative studies show that certification programs can be a weak substitute for more collaborative management approaches (e.g., Muller, Vermeulen & Glasbergen 2012).

5.1 Competing Labels: Race to the Bottom or Race to the Top?

The proliferation of labels has generated an additional set of questions. On the consumer side, there are concerns about “label fatigue” – consumers feeling overwhelmed by the task of comparing and evaluating labels, and keeping up with rapid changes in labeling over time. As a result, consumers may stop asking questions and simply trust all labels – allowing weak labels to flourish – or reject the value of certifications all together (Walske & Tyson 2015; Castka & Corbett 2016). For producers, there is concern that, as the market becomes saturated with certified goods, prices may decline or they may have to price fair trade goods as conventional products in order to make a sale (Dragusanu, Giovannucci & Nunn 2014).

One of the most contentious debates, as certifications compete with one another for market share, is whether they are racing to the top (who can deliver the most impact?) or the bottom (who can attract the most companies with low standards?) (Reinecke, Manning & von Hagen 2012). Many scholars point to the ways in which

certifications have diluted standards and impact to producers in order to gain favor with large corporations able to award large contracts (Jaffee 2012). Sustainability labels, for example, typically have very weak social standards (compared to fair trade programs). For example, many reinforce the legal minimum wage and basic labor laws instead of bolstering them (Bennett 2018). On the other hand, standards-setting organizations have competed with one another to be seen as the most credible and producer-oriented organizations (Bennett 2016), and there have been several collaborations across certifications to solve common problems, such as how to calculate and implement a living wage. For example, in 2003 several labeling programs collaboratively established the ISEAL Alliance, an accreditation organization for social and environmental standards-setting organization. In 2013, several member organizations launched the Living Wage Coalition to collectively address the challenges of calculating and implementing living wage standards. Studies show that certifications sponsored by social movement organizations (as opposed to companies or industry associations) and organized as non-profit (as opposed to for-profit) are more likely to comply with best practices for standards-setting organizations, though other factors also play a role (Cashore & Stone 2014; van der Ven 2015; Li & van't Veld 2015). Overall, it is clear that while labeling and certification can increase sales of fair trade products, this approach generates risks, challenges, and negative externalities. Fair trade advocates are divided on whether these shortcomings can (or will) be mitigated and whether the benefits outweigh the limitations (Bezençon & Blili 2009; Wilson & Mutersbaugh 2015).

6 What Next for Fair Trade, Capitalism, and the State?

6.1 Fair trade and Capitalism

The global fair trade movement has always been in tension with market-based capitalism. On one hand, the objective of fair trade is to give marginalized groups access to the market, to empower them in leveraging capitalism to their advantage, and to help them navigate international trade. On the other hand, the vulnerability that many groups face has been perpetuated or exacerbated by market logic, capitalism, and globalization. The question of how to manage the tension of simultaneously working within and against the market place has long challenged the movement (Raynolds, Murray, & Wilkinson 2007). Here, I describe three approaches to capitalism currently at work in the movement: reform, revolution, and rejection. These are ideal types – few fair trade advocates or initiatives would conform exactly to just one – and are intended to illustrate the diverse types of engagement that occur within the movement.

Reformers see the movement's goals as shaping capitalism into an international economic order that sustains and supports workers, smallholder farmers, and other marginalized groups. They see fair trade as a tool for reembedding capitalism and reigniting the social contract (Fridell 2007, 2013). Instead of fighting against capitalism, they aim to bolster regulations that protect the people who work with

in it. The Fair Trade Advocacy Organization (FTAO), for example, conducts research and policy advocacy around trade law, anti-trust law, and state procurement policies, reforming current trade institutions to better support fair trade outcomes (FTAO 2018). Opponents of this *reformist* perspective argue that these are solutions that are inadequate for fixing a system that is fundamentally broken. They point to increasing income inequality, uneven accumulation of wealth, and elite capture of political institutions as evidence that the capitalist system requires a more comprehensive transformation. Within this group, some fair trade advocates are *revolutionaries* – they aim to replace capitalism with more communal or pro-social economic models. Equal Exchange, for example, was founded by three individuals – an Anarchist, a Leninist, and a Marxist – who were inspired by the Nicaraguan Revolution and driven to support grassroots political change (Bennett 2012a). Other advocates *reject* all engagement with the capitalist system. Instead of *reforming* or *revolutionizing* the system, they promote alternative, opt-in models of exchange, such as time banks, communal living, subsistence farming, and clothing swaps. These methods of “lifestyle politics” contribute to social change by challenging norms, developing alternatives, recruiting participants, and facilitating the reimagining of political and economic life (Haenfler, Johnson, & Jones 2012).

6.2 Private Regulation and the State

The debate of how fair trade should approach capitalism and the state is part of a broader discussion of whether private regulation can or should replace the regulatory role of the state. Private regulation, or non-state actors creating regulations around business practices, emerged in the late 1990s in part to respond to the ways in which globalization challenged states’ sovereignty over economic and social policy-making. Private regulation takes many forms, including corporate codes of conduct, multi-stakeholder initiatives, alternative business models (such as social enterprise and the “triple bottom line”), and fair trade (Auld, Renkens, & Cashore 2015).

There is clear consensus that private regulation, alone, is inadequate for protecting vulnerable groups and empowering them within globalized supply chains (Mayer & Gereffi 2010). Many scholars advocate “layering” private and public regulations, suggesting that they may be mutually reinforcing (Overdevest & Zeitlin 2014). Private regulation is more effective in states that participate actively in the International Labour Organization (ILO), adopt stringent labor laws, and protect freedom of the press (Toffel, Short, & Ouellet 2015). This means that for initiatives like fair trade to achieve their potential, states must invest in producers (Jena & Grote 2017), protect workers (Lyon 2015), and close legal loopholes that enable exploitation (Bloomfield 2014). International organizations, transnational diplomacy, and foreign policy also have an important role to play in constraining the damage that investment firms, multinational corporations, and global supply chain actors can impose by chasing weak regulation (Verbruggen 2013).

7 The Future of Fair Trade

Over the last seventy-five years – and, in particular, the past twenty-five – the global fair trade movement has proliferated in several ways: its market share has increased; more consumers are aware, interested, and willing to pay; new types of products bear a fair trade label; an increasingly diverse set of companies are making fair trade claims; and advocates continue to create new organizations to facilitate research, education, and advocacy. As fair trade expands in these ways, debates are emerging and evolving around whether the new activities are scaling up the most important aspects of fair trade or diluting its efficacy. Additionally, as climate change and climate justice come to the fore of public concern, there is increasing attention to the question of how fair trade initiatives can engage the environment whilst focusing on their commitment to fairness and social justice. In the context of these debates about who should benefit, how to govern, whether to certify, and when to engage capitalism and the state, fair trade scholars seem to converge on a few conclusions.

First, authentic fair traders must push back against the most egregious forms of fair-washing. The objective of fair trade is to empower vulnerable populations to take charge of their own lives and livelihoods and to resist market relationships that perpetuate economic marginalization, labor exploitation, and all forms of oppression. Ventures that eschew producer empowerment or obscure systems of exploitation cannot be considered part of the movement. Furthermore, given the movement's mission of empowerment, initiatives must not limit fair trade producers from exercising agency (e.g., by excluding them from positions of power and leadership). They also must not reify, entrench, or obscure the economic disparities and power dynamics that divide fair trade producers from fair trade consumers or advocates.

Second, while certification programs can contribute to fair trade, they are not (on their own) sufficient tools for reforming, transforming, or building alternatives to the contemporary capitalist system. Certification programs must be accompanied by more transformative approaches that truly challenge the inequitable results of the current market system. Some emerging fair trade initiatives – such as Worker-Driven Social Responsibility (WDSR) initiatives and the Small Producer Symbol (SPP) certification program – seem quite aligned with these commitments to transformative change. Others – such as certification programs simply enforcing the legal minimum wage – are not only superficial, but also harmful. These fair trade facades not only confine producers to a broken system, but also confuse consumers and complicate fair trade in earnest.

Third, whether fair trade advocates aim to reform capitalism or create alternatives to it, they must in some way attend to the important role that public policies play in making the market more or less fair. The state may not be the only actor shaping the global economy, but it is an important one. The Fair Trade Advocacy Organization (FTAO) has offered leadership in this area. Its trade justice campaigns aim to reform international trade agreements and government procurement policies in ways that promote North-South equality, reflect fair trade principles, and improve the livelihoods of marginalized producers and workers in the South.

Authentic fair trade puts smallholder farmers, workers, and marginalized groups in positions of leadership and power. It both empowers them to take control over their own lives and works to dismantle the structures of oppression that perpetuate income, class, wealth, and other forms of inequality. Credible fair trade initiatives not only support people in being responsible stewards of the environment, but also address issues of climate justice by placing the onus for change on the most wealthy, powerful, and super-consumptive groups and institutions. Those who identify with the fair trade movement may not agree on every issue, but they are united in these commitments to empowerment, structural equality, and environmental justice.

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