Fairtrade: Internationalism by Supermarket?

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The idea of fairtrade is, at first glance, a paradoxical one. Observing that the capitalist world market works to the disfavour of producers in the Third World, left wing and Christian campaigners from the 1970s onwards tried to use this unfair market to establish equitable North-South trade relations. The paradox is encapsulated in the slogan: "*In* the market *against* the market". So while the initial intent was revolutionary the means were reformist from the beginning. It always was an attempt to "change the system from within" – like the "Long March through the institutions" which so many of the student activists of the 1968 generation embarked on.

Like that Long March, fairtrade was both more successful and less successful than expected. In the late 1990s former student revolutionaries found themselves in Whitehall – and fairtrade coffee and bananas found themselves on the shelves of Tesco's and Sainsbury's. But both have lost their anti-capitalist edge. As New Labour discarded Clause 4 and embraced the neo-liberal market economy to harvest its yields for welfare and education, fairtrade has rid itself of much of its initial anti-capitalist rhetoric and now embraces a business ethos as means to get Third World farmers out of poverty. A recent Traidcraft brochure states: "Human enterprise is one of the world's richest resources; through it everyone can be fed and clothed – but only if the benefits of trade are shared." Instead of turning the market against itself, now – as Alex Nicholls and Charlotte Opal put it in their 2004 book *Fair Trade* – the aim is to make "the free trade system work the way it is supposed to".

Because of this ambivalent relation to the market the question whether fairtrade is a success does not allow for a simple answer. In the following I will argue that fairtrade has *two immediate aims* which it *partially* managed to achieve – and *one main aim*, which it *cannot* achieve by itself – but whose achievement it makes more likely.

Immediate Objective No. 1: Fair Pay

The most obvious aim of fairtrade is to provide agricultural producers with an income that allows for a decent life and eliminates the existential risk involved in depending on volatile world market prices. This is achieved by establishing a fairtrade price consisting of a floor price as a subsistence guaranteeing minimum and a fairtrade premium to invest in community projects. This system does not establish equitable pay in the sense of an equal exchange – what is guaranteed is more or less the reproduction cost of the producers' labour power. Still: conventional trade often enough fails to do even that.

There have been doubts about the efficiency of this system – most prominently in a report by the Thatcherite Adam Smith Institute, claiming that the material impact is limited and sometimes even detrimental, and that other forms of charity would be more effective. However, while it is certainly true that the real impact of fairtrade falls short of the miracle stories that are sometimes used to promote it, some efficiency of fairtrade is quite evident and the mentioned report has been shown to be fundamentally flawed: despite limitations and shortcomings, the material impact can safely be claimed to be a partial success. It can only be a *partial* success because even if the system of fairtrade were perfect its success relies on the uptake by consumers, the majority of whom still don't feel too committed to buying fairtrade. Like in all schemes based on individual choice there is a quantitative limit to what can be achieved. In the most developed fairtrade market, Switzerland, fairtrade bananas had a market share of 55% in 2007 – fairtrade coffee only achieved 4% – leaving much space for non-fair products. The British currently are second only to the Swiss in terms of retail value per capita (and bananas and coffee account for 30% and 25% of the market respectively). UK growth rates over the last years have been impressive; but the fact that the Swiss market seems to be stagnating may indicate that, on the basis of consumer choice alone, fairtrade cannot grow beyond a certain level (particularly as the picture in other countries seems to be much less bright – for an overview see this report for the Dutch Association of Worldshops).

But this is not the whole story. Even if the Adam Smith Institute were right about the superior efficiency of direct financial support they still ignore the moral superiority of fairtrade over charity:

Immediate Objective No.2: Recognition

The slogan "trade not aid" does not just refer to the hope that development through trade will be more sustainable and effective. The plausibility of this slogan lies in the stigma that is associated with accepting charity. Charitable giving places donor and recipient in a hierarchical order. A gift that cannot be returned, as the classical anthropologist Marcel Mauss pointed out, creates an obligation to gratitude and often establishes relations of dominance and dependence, affirming the inferiority of the recipient. It may be counterintuitive to link commercial relations to recognition. We tend to think of commerce as callous and purely self-interested. Ironically, this is precisely where the recognition comes from. To quote Adam Smith (himself, not his Institute…): "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard for their own interest. We address ourselves, not to their humanity, but to their self love, and never talk to them of our own necessities, but of their advantages." In doing so we recognise that the butcher, brewer and baker are socially valued as producers of something we crave – not because we like them or pity them. The baker will realise the extent of this recognition when she uses the money received for her products to buy others' products without having to rely on others' good will. The idea in fairtrade is that people should receive what their produce is worth and through this be able to lead a decent and dignified life without having to legitimise themselves as deserving poor. The "extra" paid for a jar of fairtrade coffee therefore is not to be thought of along the lines of a charity CD of which £2 per piece go to the poor. The "extra" in fairtrade is conceived as what is missing in the price of conventional coffee – so the fairtrade price does not contain an "extra" but the conventional price has a deficit. This is not a merely *symbolic* point as a more self-reliant re-assured position often is reflected in a higher degree of democratic organisation and real empowerment. Particularly where economic control is extensive, like in the case of the Ghanaian cocoa cooperative Kuapa Kokoo that owns 45 per cent of shares in the UK chocolate manufacturer Divine, the recognition effect is at least as important as the financial benefit.

Again, there are limitations. If we want to have the butcher's best cut we will have to pay the high price he can ask due to high demand and short supply – but fairtrade reacts to the fact that the world market does not produce similarly high prices for labour-intensive products like coffee and bananas. So in the end the fair price still is paid out of benevolence or out of a sense for decency, justice, or solidarity – not the pure self interest on which the butcher's recognition relies. This imbalance is reflected in much of the advertising for fairtrade in which the producers still appear as grateful, humble, and at our service. Sometimes even colonial imageries resurface in the marketing of products which, after all, used to be the fruits of Empire.

There are mutual repercussions in the partial failures of objective one and two. The political philosopher Nancy Fraser argues that redistribution and recognition impact on each other and both achievements and shortcomings on one side will be reflected on the other. The inability of fairtrade to make a big financial difference, for example, means that producers do not achieve enough disposable income to "consume back" on their Northern customers and hence do not see their productive contribution recognised the way Northern workers do when being able to afford more than just food and shelter. In reverse, the failure to recognise Southern producers fully means that we continue to view their work as "simple labour" and often fail to see the scandal in the still huge difference in wealth between "us" and "them". On the other hand recognition can further the material position of producer communities: I would venture to claim that this recognition was a major contributor to the recent commitment of the UK's major chocolate producer, Cadbury, to fairtrade.

The Overall Objective: A Just World

The shortcomings of fairtrade cannot be blamed simply on wrong decisions by fairtrade organisations, fundamental flaws in the idea of fairtrade or maybe the tendency of the Northern consumer to use fairtrade products to assuage a bad conscience and anxieties about the state of the world. At the heart of the limitations of fairtrade are the immense imbalances between North and South that clearly cannot be remedied by consumer choices alone. But to redress this imbalance nonetheless remains the overarching long-term objective of fairtrade. One will hardly find an fairtrade activist who would disagree with that. But one would also have difficulties finding one who is convinced that fairtrade on its own can do the trick. This does not mean that fairtrade does not contribute to this long term aim.

Fairtrade goods on the supermarket shelves may be sometimes misused to *buy* a clear conscience – but at the same time they *are* the bad conscience of the postcolonial world of consumption. The Adam Smith Institute complains about a "moral monopoly" that the fairtrade movement has established – and in a way it's fair to say that it has. There now is compelling plausibility for fairtrade. Such plausibility might not be strong enough a reason to determine individual purchasing decisions – but it may prepare the ground for institutional safeguards and legislation that might one day make fairtrade a thing of the past by making sure all trade is fair.

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