Fair-Trade Coffee and Commodity Fetishism: The Limits of Market-Driven Social Justice

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Abstract
This paper explores the claims made by various authors that the fair-trade network provides an initial basis for a challenge to the commodification of goods under global capitalism. Proponents of fair trade generally advance two essential arguments in this regard. First, they claim that fair trade reveals the social and environmental conditions under which goods are produced and brings producers and consumers together through 'ethical consumerism', which challenges the commodification of goods into items with an independent life of their own. Second, they argue that fair trade affirms non-economic values of co-operation and solidarity which challenge the capitalist imperatives of competition, accumulation, and profit-maximisation. Drawing from cases in the fair-trade coffee sector, these assertions are critically examined and it is argued that, while fair trade can provide a symbolic challenge to commodity fetishism, in the end this challenge is strictly limited by the power of global market imperatives and the network's market-driven approach.

Keywords
commodity fetishism, coffee, fair trade, social justice

Fair-trade coffee is one among many market-driven projects that have received growing attention over the past two decades as social-justice activists and development practitioners have sought to address global inequalities on the basis of 'political consumerism'.1 The rapid sales growth experienced by the network over the past decade and a half has prompted increasing attention from commentators who have sought to assess fair trade from a variety of angles: as a form of 'ethical business,' as non-governmental price subsidies and

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‘social capital’ for Southern partners, or as an alternative model to neoliberal policies. \(^2\) Despite the broad range of perspectives among the new works, most authors agree that one of the main benefits of fair trade is that it represents a significant challenge to the ‘commodification’ of goods under global capitalism. In this paper, I critically assess the claims made in this regard on the basis of an examination of fair trade coffee – the ‘flagship’ commodity and traditional sales leader of the fair-trade network. Coffee is the second most valuable legally exported commodity from the South, providing a livelihood for millions of small farmers, and has a long history rooted in colonialism, exploitation and social injustice, which explains its pride of place in the fair-trade network. I argue that, while fair-trade coffee might provide a basis for an important symbolic challenge to commodification, in the end this challenge is strictly limited by the network’s market-driven approach. The fair-trade project is fundamentally embedded in conventional norms and assumptions of ‘consumer sovereignty’ and neo-Smithian market behaviour. Consequently, the symbolic challenge to commodification offered by fair trade has in itself become a commodity to be bought and sold on Northern markets. This reveals the tenacity of the structural imperatives of the global capitalist market and raises fundamental questions about the limitations of a market-driven strategy for overcoming them.

**Understanding fair trade and commodification**

The fair-trade network is a formal system of Non-Governmental Organisations (NGOs) that connects peasants, workers and craftspeople in the South with partners in the North through a system of ‘fair-trade’ rules and principles. The network was first developed in the 1940s and 1950s on the initiative of Alternative Trade Organisations (ATOs) that sought to provide assistance to poor Southern producers by creating an alternative trading system in which prices would be determined on the basis of social justice, not the vagaries of the international market. To many of the founding fair-trade organisations, such as Oxfam International, the network was considered part of a broader movement that promoted a new international economic order based on strong state intervention at the national and international level to support development.

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\(^2\) For fair trade as ‘ethical business’ see Blowfield 1999; for price subsidies see LeClair 2002; for ‘social capital’ see Simpson and Rapone 2000; for an alternative to neoliberalism see Wäridel 2002. For more on ‘political consumerism’, see Bernstein and Campling 2006b; Guthman 2002; and Micheletti 2004.
efforts in the South. In the 1980s, the orientation of the network changed significantly as fair traders moved away from the vision of an alternative trading system and instead sought to gain access to conventional markets which they hoped to reform. This re-orientation was led by the emergence of fair-trade labelling initiatives, co-ordinated under the umbrella organisation Fairtrade Labelling Organisations International (FLO), which have sought to certify conventional businesses willing to meet FLO’s fair-trade criteria. According to FLO standards, fair-trade goods are produced in the South under the principles of ‘democratic organisation’ (co-operatives or unionised enterprises depending on the commodity), no exploitation of child labour and environmental sustainability. They are exchanged under the terms of a minimum guaranteed price with social premia paid to producer communities to build social and economic infrastructure.

The re-orientation of the network initiated by fair-trade labelling organisations was, in part, driven by the desire to expand the size of fair-trade markets which were too small to meet the needs of Southern partners. An equally important impetus, however, was the changing political, economic, and ideological conditions ushered in by neoliberal reforms which brought about a major decline in national and international capital controls and market regulation, and derailed calls for a new international economic order. Following these trends, fair traders adopted a new, market-driven vision of fair trade based on non-binding, voluntarist commitments from private corporations. The result has been a financial success for the fair-trade network which has seen its greatest growth in the era of neoliberal globalisation. This growth has been driven by the increasing participation of national and international bodies, such as the World Bank, as well as Transnational Corporations (TNCs) which view the fair-trade network as a voluntarist alternative to state regulation.

The global governance of the coffee sector in general has also followed these broad patterns from state-regulation to voluntarist mechanisms. For most years from 1963 to 1989, the global coffee market was regulated by the International Coffee Agreement (ICA), a mechanism designed to create higher

6. Sales of FLO certified goods grew by thirty-five per cent from 1997 to 2000. The total retail turnover of FLO certified goods in 2000 was worth over US$196 million, of which more than US$49 million went directly to producers, around forty per cent more than would have been justified by conventional prices. FLO 2001.
coffee-bean prices in the South by holding excess production off the market through a quota system. The developmental impact of the ICA was mixed: while it managed to retain a greater share of coffee income in the South through higher bean prices, the impact of this retention varied significantly on the basis of political and social inequalities within participating nations. Countries like Costa Rica, with a large smallholder class and a social welfare state, distributed the new coffee income more broadly and with much better social impacts than countries like Guatemala and Brazil, with highly unequal distributions of land and resources. In either case, the ICA collapsed in 1989 under the weight of neoliberal reforms. In its wake, fair traders have sought to attain higher and more stable bean prices through its voluntarist, market-driven approach. While thus far only capable of reaching a select number of coffee farmers, several analysts have noted that the network represents an attempt to direct more rent into the hands of poor producers by increasing the value of fair-trade products through ethical marketing strategies and by encouraging co-operatives to ‘integrate forward’ into the higher-technology, value-added activities of the coffee chain.

Significant discussion and debate has emerged in recent years about the extent to which fair trade provides an effective model for countering the decline of state regulation, the terms of which cannot be summarised here. Instead, this paper focuses on one key issue which is frequently evoked to assert that fair trade goes beyond the state-driven regulatory mechanisms of the past: that the network is not just about attaining fairer prices, but points the direction toward an initial decommodification of goods. Apparent in most of the new work on fair trade is the notion that fair trade represents a challenge to commodification – a process wherein commodities appear to be without connection to the workers who actually produced them. Most authors contend, in varying ways, that fair trade is more than a challenge to the social inequalities in global trade, but that its ethical values and educational mission represent a significant challenge to the core values of global capitalism and its imperatives of competition, accumulation and profit maximisation. To some authors, while fair trade’s ability to directly challenge the global trading system is limited, its greatest potential lies in its ability to raise awareness among

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8. For more on the ICA see Talbot 2004 and Fridell 2007. For a review of key debates within ‘commodity studies’ in general, see Bernstein and Campling 2006a and 2006b.
10. For more on other issues and debates concerning fair trade, see Fridell 2006 and 2007.
Northern consumers of global inequalities by revealing the conditions under which Southern goods are produced.\textsuperscript{12}

Others go beyond this and assert that fair trade challenges the very nature of capitalist culture and the atomisation, individualism, and anonymity characteristic of market exchanges under capitalism. In this vein, Charles Simpson and Anita Rapone argue that fair trade challenges the cultural impoverishment of capitalism – its erosion of social solidarities and its materialist rather than transcendent motivational structure.\textsuperscript{13}

Laura Raynolds contends that fair trade networks socially re-embed commodities, so that items arrive at the point of consumption replete with information regarding social and environmental conditions under which they were produced and traded.\textsuperscript{14}

Laure Waridel and Francis Moore Lappé and Anna Lappé, in their respective works, maintain that fair trade frees consumers from the ‘mental colonialism’ or ‘thought traps’ that hide the truth behind how goods are produced in a capitalist system.\textsuperscript{15}

Although most do not directly draw on Marxist concepts in their analysis, these authors essentially argue that fair trade provides a model upon which to begin to counter the ‘fetishism of commodities’, where social relations among people appear as relations among things.\textsuperscript{16} To Marx, commodity fetishism is a necessary outcome of capitalist social relations.\textsuperscript{17} Under capitalism, all market agents (workers, small producers, large capitalists) must sell either their labour or their goods as abstract commodities on the market in exchange for money which they then use as consumers to purchase other abstract commodities. The result is that people, rather than directly engaging with one another over the production and distribution of goods, engage the market as atomised agents deprived of information on how goods are produced, using their own individual needs as the sole criterion for determining market choices. This

\textsuperscript{12} Bird and Hughes 1997; Blowfield 1999; Fisher 2004; LeClair 2002; Simpson and Rapone 2000.

\textsuperscript{13} Simpson and Rapone 2000, p. 55.

\textsuperscript{14} Raynolds 2002a, p. 415. See also Jaffe, Kloppenburg, and Monroy 2004, p. 170.

\textsuperscript{15} Moore Lappé and Lappé 2002, pp. 27–31; Waridel 2002, p. 23.

\textsuperscript{16} Guthman (2002) points out that this implicit critique of capitalist commodification is common to most individual commodity studies.

\textsuperscript{17} Marx 1978, pp. 319–29.
process not only stems from capitalist social relations but also helps to preserve their legitimacy by obscuring the social exploitation and ecologically destructive conditions under which commodities are produced and making them appear 'natural'.

Going beyond an implicit engagement with Marxist concepts, Diane Elson, Ian Hudson and Mark Hudson, argue that fair trade represents an attempt at an initial challenge to the fetishism of commodities. Elson even depicts fair-trade labelling, and other similar projects, as key to her vision of a future socialist society based on a 'socialised market'. From their work, and from others mentioned above, two essential arguments can be extracted. First, fair trade reveals the social and environmental conditions under which goods are produced and brings producers and consumers together through 'ethical consumerism', which challenges the commodification of goods into items with an independent life of their own. Second, fair trade affirms non-economic values of co-operation and solidarity which challenge the capitalist imperatives of competition, accumulation and profit-maximisation.

**Decommodification through 'ethical consumerism’**

It is often suggested that one of the main ways in which fair trade challenges commodification is by bridging the gap between producer and consumer, by revealing the conditions under which fair-trade goods are produced and promoting 'ethical consumerism'. Conventional consumers purchase commodities that appear to have a life of their own, using their own individual needs as the sole criterion for determining market choices. In contrast, it is argued that fair-trade consumers, by making ethical market choices on the basis of how goods are produced, are not merely buying a commodity for sale, but are relating directly with Southern producers through an 'associative' network based on shared values of social justice. Ethical shopping is depicted as more than just consumerism, but as a political act of solidarity that helps to put pressure on conventional TNCs to participate in fair trade, not solely out

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of moral imperative but out of the desire to tap into ethical-consumer demand.\(^{22}\)

On the basis of these arguments, the ability of fair-trade shopping to point to an initial decommodification of goods is assumed to rest primarily on the disparity between ethical and conventional consumerism – the different motivations that underlie ethical shopping and its ultimate ability to bring consumers and producers together. It is important to note that, according to marketing research, the majority of ethical consumers are women who have managerial or administrative jobs and tend to be from the middle or upper class.\(^{23}\) The class position of the majority of ethical consumers most likely derives from the simple fact that only they have the income required to pay more for specialty food items like fair-trade coffee.\(^{24}\) In Canada, for example, in 2001 the wealthiest 16.2 per cent of Canadian households spent 56 per cent more money on coffee per person and were 46 per cent more likely to shop at food specialty stores than the poorest 43.2 per cent of Canadian households.\(^{25}\) As a result, while fair trade within the South is based on class solidarity between poor workers and farmers, at an international level, in order to meet the demands of the market in the North, fair trade is premised on inter-class solidarity between poor producers and rich consumers. This solidarity is not based on class unity against a common oppressor (in this case, ‘unfair’ TNCs) but on moral appeals from Southern producers for assistance against their oppressor. Northern consumers do not have a direct stake in fair trade and its success other than their own ethical motivations.

Given the fact that ethical consumerism does not appeal directly to self-interested motivations, many popular commentators have suggested that the potential for the growth of ethical markets is very limited. For example, mainstream journalist Mark Pendergrast asserts that, while fair trade might


\(^{23}\) Bird and Hughes 1997. Women shoppers are likely to be more amenable to ethical marketing due to socially constructed gender distinctions between masculine and feminine roles. The values of ‘social woman’ are more in-line with ethical consumerism than those of ‘economic man’ (Gidengil 1995). During a workshop discussion, Mary Frey (Executive Director/CEO of Ten Thousand Villages in Canada) commented on the fact that nearly eighty per cent of TTV’s customers were women and stated that this meant that fair trade in the North was in many ways a ‘women’s movement’ (Frey 2004). For an analysis of gender and political consumerism, see Micheletti 2004.

\(^{24}\) As one reviewer correctly points out, this means that while working-class consumers may not be responsible for the greatest proportion of fair-trade coffee, those working-class consumers that do purchase fair-trade coffee spend a much greater proportion of their total income for the sake of solidarity.

appeal to a few ‘good Samaritans’, in the end ‘even they might squawk if all coffee provided a decent living for those who produce the crop’. In her book *No Logo*, journalist and global justice activist Naomi Klein provides an excellent account of how massive corporate advertising campaigns have been able to induce consumers to pay exorbitant prices for brand name goods – such as paying US$100 to US$180 for a pair of Nike shoes that only cost US$5 to produce. She does not believe, however, that ethical products possess the same potential and states that, beyond appealing to a relatively tiny group of consumers, ‘any movement that is primarily rooted in making people feel guilty about going to the mall is a backlash waiting to happen’.

Nonetheless, there is no reason to assume that marketing strategies aimed at selling ‘ethics’ could not appeal to a broad base of consumers, and the proliferation of countless social and ecological products and ‘corporate social responsibility’ programmes over the past decades would suggest that the significant potential for the growth of ethical markets may well exist. For the fair-trade network, however, this assertion must be made with two important caveats. First, while there is potential for growth in ethical markets in general, this does not necessarily reflect the potential for growth in the fair-trade network, which lacks the marketing, advertising and distributional resources required to significantly expand its market niche. The most likely beneficiaries of the future growth of ethical markets will be giant TNCs who have increasingly devoted attention to their own private ‘ethical’ initiatives or to corporate-friendly third parties that lack FLO’s more rigorous social standards and higher price premia. This poses a significant threat to the future of certified fair trade which could well be overcome by corporate-backed projects with significantly greater marketing resources.

Second, even if the fair-trade network is better able to hold its own against corporate competition than the above suggests and it continues to expand on the basis of ethical consumerism, this still leaves open the question as to whether or not such consumerism has the potential to bring producers and consumers together in the way fair traders suggest. Does fair-trade consumerism truly offer an alternative avenue through which goods can begin to be decommodified? Why do consumers in the North purchase fair-trade goods and, when they do, what does it mean for the sort of international solidarity

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that fair trade promotes? While fair traders generally emphasise those aspects of fair trade that challenge conventional consumerism, such as the provision of information on how goods are produced, this is only one side of the ethical consumerist coin. The other side is, in fact, similar in many ways to conventional consumerism and reproduces many of its negative effects.

As is the case with conventional consumerism, fair-trade consumerism remains fundamentally premised on the notion of ‘consumer sovereignty’. This concept suggests that industry only responds to consumer demand, and that the lack of socially and ecologically just production methods are, in the final analysis, an outcome of the ethical decisions of consumers who possess ‘consumer power’. This perspective has been rightly criticised for neglecting the fact that consumers do not have near-perfect or even adequate information upon which to base their market decisions. Instead, they must engage the market under the coercion and manipulation of massive corporate advertising campaigns designed to engineer consumer choice – in the United States alone, big business now spends over a trillion dollars a year on marketing.

While the fair-trade network challenges the assumption that consumers have adequate information upon which to base market choices, it remains rooted in the belief that these same consumers should have the final say in how goods are produced and distributed on a global scale. As is the case with conventional consumerism, fair-trade consumerism accepts that the needs of poor Southern producers are ultimately subservient to the demands of Northern consumers. Yet, from the perspective of promoting democracy and social justice, there is no valid reason to purport that consumers should be ‘sovereign’ and that one person’s demands as a consumer should take precedence over another person’s needs as a producer. As Ernest Mandel effectively argues in his critique of the limits of the capitalist market:

> by what principles of ‘fairness’, ‘justice’, ‘democracy’ or ‘humanity’ are the sovereign rights to decide what time and effort to devote to the satisfaction of consumer needs snatched from the hands of the producers themselves?

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Moreover, in accepting the core premise of consumer sovereignty, fair traders are taking as a given current highly unequal and environmentally destructive global consumption patterns. Within the North, the consumer base upon which fair trade relies is composed of relatively affluent consumers whose wealth is derived from a highly unequal distribution of income. Internationally, fair trade depends on existing consumption patterns which are characterised by ‘overconsumption’ in the North that threatens the depletion of natural resources and perpetuates the existing highly unequal distribution of global wealth.³⁵ Thus, fair traders are seeking greater global justice on the basis of highly unjust global consumption patterns. According to Michael Maniates, this is frequently the case with ‘sustainable development’ projects that all too often ignore the fact that

if the 4 billion or more global underconsumers are to raise their consumption levels to some minimally rewarding and secure level, the 1 billion or so global overconsumers will first have to limit and then reduce their overall level of consumption to make ecological room.³⁶

Operating within the context of conventional consumption patterns, many ethical consumers likely purchase fair-trade goods in part for the same reasons that they or others purchase ‘unfair’ commodities produced by conventional corporations: to buffer up their own sense of self validation. Awareness of this psychological motivation lies at the heart of contemporary advertising strategies and is frequently depicted by corporate marketing experts as deriving from people’s allegedly ‘natural’ inclination toward ‘selfishness’.³⁷ Such a perspective, however, offers a flawed and superficial assessment of human behaviour and deflects attention away from the marketing experts themselves who employ sophisticated marketing techniques to manipulate consumers’ ‘natural’ desires in the interest of corporate profitability.³⁸

Applying the psychoanalytic concept of ‘narcissism’ to the striving for self-validation provides a far richer means of exploring the possible psychological motivations behind fair trade consumerism. In psychoanalytic theory, narcissism is not driven by selfishness or self-love, but by deep anxiety and self-hate which leads to a desperate desire to gain validation from others.³⁹ As Christopher Lasch has argued in his work The Culture of Narcissism, capitalist

³⁷.  For example, see Seligman 2002.
³⁹.  Lasch 1979, pp. 72–5.
society tends to promote narcissistic impulses by alienating workers from what they produce and from each other, and pits them against one another in a highly competitive environment in search of jobs and validation. To impress those higher up in the corporate hierarchy, workers must sell their personalities as if they were commodities on the market, resulting in intense anxiety, self-absorption and narcissism. At the same time, people are freed from traditional bonds of family and institutions (such as the church), which leaves many feeling isolated and lonely.  

According to Lasch, against the feelings of narcissistic anxiety, loneliness and alienation, capitalism offers consumption as the cure. Consumption is offered both as an alternative to protest or rebellion (workers turn toward the immediate fulfilment of consuming new goods) and as a remedy to spiritual desolation and status anxiety. Convinced that they are too powerless to affect life in a meaningful way, people turn toward self-improvement and building a superficial identity based on material furnished by advertising and mass culture, themes of popular film and fictions, and fragments torn from a vast range of cultural traditions.

In this, Lasch sees a retreat from politics and a turn toward psychic self-improvement: getting in touch with their feelings, eating health food, taking lessons in ballet or belly-dancing, immersing themselves in the wisdom of the East, jogging, learning how to ‘relate’, overcoming the ‘fear of pleasure’.

To this list, one could potentially add fair-trade products. Feeling powerless and anxiety-ridden, ethical consumers can turn toward purchasing fair-trade goods on the market, both to somewhat appease their feelings of powerlessness and to construct their own self-identity as ‘ethical’ people. In essence, fair trade entails the commodification of social justice and allows consumers to channel their desire for a more just world into purchasing goods on the market to validate their own self-esteem.

Nonetheless, while narcissistic self-validation is likely a key factor in explaining what drives some consumers to purchase fair-trade goods, there are still fundamental differences between fair trade and other forms of ‘self-improving’

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41. Lasch 1979, p. 166.
42. Lasch 1979, p. 29.
consumption. The former requires a degree of personal sacrifice, even if only relatively marginal, for the sake of improving the lives of others. Moreover, many fair-trade consumers are also, no doubt, active participants in various social-justice moments who view fair trade not as a retreat from politics but as a component of their broader political activities. In this vein, Moore Lappé and Lappé, drawing from the work of Eric Fromm, suggest that fair trade and other alternative projects represent attempts by consumers to reach out for some ‘positive freedom’ (‘freedom to’) in a world where they are offered little but ‘negative freedom’ (‘freedom from’) and overwhelmed with a sense of individual powerlessness in the face of giant corporations and bureaucratic states over which they have little effect or control.  

Fromm argued that, for people to progress from negative freedom to positive freedom, they must work in solidarity with one another for a common purpose. This requires that society overcome the fetishism of commodities which causes people to engage one another as alienated individuals in relationships based purely on ‘instrumentality’ and individual gain. Instead, market-driven relations must be replaced by a democratically-planned process through which individuals can engage one another in solidarity and ‘share responsibility’ for society’s development as a whole. While Moore Lappé and Lappé do not suggest that fair trade represents the extensive political process prescribed by Fromm, they do state that it provides Northern consumers with an important symbolic tool to ‘laugh at the caricature’ of themselves as selfish, atomised utility maximisers. In this sense, fair trade can provide a channel through which consumers can relieve social anxiety by ‘doing the right thing’ and can serve as a popular form of ‘symbolic inversion’ that allows people to momentarily express their desire for a different world.

While fair-trade consumerism does provide a symbolic tool to criticise conventional trade – which has the potential to educate and raise political awareness – the extent to which it offers any substantial gains to ethical consumers in terms of positive freedom and solidarity are significantly limited. Ethical consumers remain isolated individuals whose primary responsibility to the fair-trade network is to engage in the market (to buy fair trade coffee). Consumers are not connected with producers or other consumers in a democratic process and their influence on fair trade (and on the broader

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structures of global capitalism) is limited to their ‘purchasing power’ as isolated individuals. Their knowledge of fair trade and the lives of producer communities in the South is confined largely to advertising media, and it is not based on direct and personal ties but is mediated by the market. In this context, solidarity is premised on individual moral appeals and not on a shared responsibility. Wealthy ethical consumers are not engaged in a shared struggle with Southern producers and, of greater significance, do not have a shared responsibility for the outcome of their purchasing decisions. Decisions that are a matter of grave significance for Southern producers are merely a matter of individual purchasing preferences for ethical consumers. As alienated, isolated individuals, ethical consumers remain disconnected and shielded from the direct outcome of their market decisions. In this context, fair-trade goods remain independent commodities with a life of their own, aside from a symbolic connection to their producers represented by an ‘ethical premium’ that consumers may or may not be willing to pay.

Yet, while relations between producers and consumers remain mediated by the market, some scenarios have greater potential than others for the development of a sense of unity and connectedness through ethical consumerism. Small-scale ATOs provide much greater opportunities to build bonds of solidarity between producers and consumers than the giant conventional TNCs which are becoming increasingly dominant within the network. Planet Bean, a small, worker-owned co-operative coffee roaster in Guelph, Ontario, Canada, serves as an example of how this is the case. Planet Bean sells one-hundred per cent of its beans fair trade, views educating consumers about the injustices of the current global system as central to its mission, and, as a small ATO, provides an environment where consumers can develop personal ties with co-operative members who in turn have direct linkages to Southern partners. To advance its educational mission, members of Planet Bean have given talks in public forums and have helped to host Southern partners for community tours in Canada. According to Bill Barrett, the Director and Marketing Manager of Planet Bean, these initiatives have the potential to raise awareness about the lives of Southern producers, as can be seen by a recent visit by a Southern partner to a local grocery store in Toronto that retailed Planet Bean coffee. The manager of the store, upon meeting the coffee farmer, said that it was the first time he had ever met someone who had produced any of the goods sold in his store. This anecdote reveals the potential that Planet

Bean has to shorten the ‘distance’ between producer and consumer, which in conventional international trade frequently results in a severing of feedback and accountability regarding social impacts of market decisions.\(^{50}\)

In sharp contrast to Planet Bean, there are giant conventional TNCs such as Starbucks Coffee Company, which is a massive, hierarchical organisation composed of thousands of mostly low-waged, non-unionised, alienated workers. Rather than being devoted to fair trade’s moral mission, Starbucks began offering limited quantities of fair-trade coffee at its stores in 2000 after intense pressure from social-justice activists, and currently sells only one or two per cent of its beans certified fair trade. Starbucks is concerned primarily with staving off the threat of bad publicity and has, in fact, devoted much more attention to promoting corporate-friendly alternatives to fair trade, such as Conservation International (CI) certified shade-grown coffee.\(^{51}\) In comparison to FLO standards, CI standards have a lower social premium and its labour standards are vaguer and much less strict.\(^{52}\) Moreover, CI’s credentials as an ethical partner are highly questionable. Among other things, it has been accused of being a corporate front designed to greenwash its sponsors’ images and act as ‘the friendly face of biocolonialism’ by actively assisting giant pharmaceutical companies in gathering indigenous knowledge on local plants and insects in order to patent them.\(^{53}\)

Starbucks’s record in the North, despite its veneer of corporate social responsibility, also casts a huge shadow over its ethical pretensions. The corporation has aggressively fought against unionisation efforts by its service-sector employees – rights which are guaranteed to fair-trade certified partners in the South – and during the Christmas rush has its holiday products packaged by Signature Packaging Solution, a company that employs low-waged, inmate labour from the Washington State prison system.\(^{54}\) This means that fair-trade-certified coffee available at Starbucks can be packaged by prison labour and sold by low-waged, non-unionised labour, which significantly challenges the idea that this product can be considered ‘fair’. Moreover, when consumers buy fair-trade coffee from Starbucks, they are purchasing it from alienated

\(^{50}\) Princen 2002.

\(^{51}\) Fridell 2004 and 2007; Rogers 2004.

\(^{52}\) Fridell 2007. According to Starbucks, in 2001 farmers in the CI programme were paid a sixty per cent price premium over ‘local prices’ (Starbucks 2004). While it is unclear what this would be, it is likely to be well under US$1.00 per pound as world prices for Brazilian arabicas ranged between US$0.60 and US$0.40 that year (UNCTAD 2004). This is significantly lower than the fair-trade minimum price of US$1.26 per pound.

\(^{53}\) Choudry 2003.

\(^{54}\) Barnett 2002; Fridell 2007.
workers, the majority of whom do not have any connection to Southern producers. Thus, ethical consumers are essentially as disconnected from the actual producers and their real lives (both South and North) as they are when they buy any conventional commodity on Northern markets. In this sense, fair-trade shopping at Starbucks can hardly be said to shorten the distance between producers and consumers and provide any sort of meaningful challenge to commodification. Rather, the growing participation of TNCs in fair trade represents an erosion of the network’s ability to confront commodification.

In the final analysis, the notion that fair trade builds international bonds of solidarity between producers and consumers must be taken with a grain of salt. While people’s desire for positive freedom, solidarity and connectedness are necessary to spark consumer demand, fair trade’s ability to meet these desires is limited: positive freedom is confined to purchasing ethical goods; solidarity is based on moral appeals as opposed to a common cause; and connectedness between consumers and producers is mediated by the market, which shields consumers from shared responsibility for their actions. Truly disrupting the fetishism of commodities involves not just making information on how a good is produced available to consumers, but it requires carrying out production in a democratic and consciously regulated process in which both producers and consumers are involved and are accountable for the decisions they make.


Values of co-operation and solidarity

It is argued that the fair-trade network not only bridges the gap between consumers and producers, but that its non-economic values of co-operation and solidarity are a challenge to the capitalist market imperatives of competition, accumulation and profit-maximisation. Indeed there is much evidence to demonstrate how fair trade, like any democratic, co-operative project, challenges the principles of capitalism. A portion of the profits that accrue to fair-trade co-operatives are used to construct social infrastructure needed by the community, rather than re-invested for further capital accumulation or distributed to private pockets. Fair-trade producers and importers work together to attain the fairest trading relationship possible, and large producer co-operatives at times provide assistance to other, smaller
fair-trade co-operatives. These actions can best be interpreted as an incipient international moral economy, which attempts to assert the notion of people’s right to live taking precedence over the competitive and ethically impoverished values of capitalism.

The fair-trade moral economy has been able to bring important developmental benefits to specific local groups in the South who have been able to gain access to the fair-trade market. In the coffee sector, for example, there were over 670,000 coffee-farmer families on the FLO register in 2003, out of a total of nearly 25 million coffee-farmer families worldwide. Nowhere is the developmental potential of the network more apparent than with the case of the Unión de Comunidades Indígenas del Región del Istmo (Union of Indigenous Communities of the Isthmus Region, UCIRI), a fair-trade coffee co-operative in Oaxaca, Mexico with a membership of over 2,500 families. UCIRI has played a key role in the formation of fair-trade labelling and is generally considered to be one of the most successful fair trade co-operatives in the world. Through their participation in the fair-trade network, UCIRI members have gained higher incomes and significantly better access to social services through co-operative projects in health care, education and training. UCIRI has also constructed its own economic infrastructure, which includes coffee processing and transportation facilities, and provided its members with enhanced access to credit, technology and marketing skills. All of this has improved its members’ capacities to combat extreme poverty, malnutrition and environmental degradation, and enhanced their abilities to survive and compete on the international market.

In addition, UCIRI members have also developed important international bonds of solidarity with Northern partners and have enhanced their sense of unity and collective identity due to the organisational and administrative demands of maintaining a fair-trade co-operative. This has strengthened their abilities to support community initiatives and lobby the government to defend their interests as well as those of other small rural producers in Mexico. Over the years, UCIRI has played a key role in the formation of a variety of local and regional organisations, including fair trade and organic certification groups as well as organisations with broader mandates that support small producers in general.

Yet, while the fair-trade network's values of co-operation and solidarity have been able to bring important benefits to Southern partners, in the end, competitive and exploitative behaviour under capitalism are not primarily a result of a lack of ethical values. Rather, this behaviour is a result of the structural imperatives of the capitalist market which compel all producers to compete, accumulate and maximise profits in order to remain competitive and survive. Most fair traders, however, tend to downplay these imperatives and focus on the market as a place of opportunities for those willing and able to take advantage of them. They depict capitalism less as a particular set of social relations than as a specific attitude toward commercial exchanges. Exploitation is not viewed as an outcome of the capitalist market, but as a distortion of the market stemming from the acts of 'unscrupulous' market agents. To most fair traders, the goal is to correct these distortions by promoting more ethical trading values which they hope will allow everyone, rich or poor, to reap the rewards of the market. Yet, this moral emphasis runs the risk of overlooking the weight of structural imperatives. According to social-justice activist and political theorist David McNally, in seeking to combat exploitation under global capitalism:

To be sure, moral outrage is necessary and laudable. But a purely moral response ignores the fact that capitalism requires its dominant participants to behave in an exploitative and destructive fashion. No amount of moral lecturing or enlightenment will change the behaviour of capitalists, since only by doing what they do will they survive as capitalists. If they do not exploit the poor, grab land and resources, commodify the globe, and act in environmentally destructive ways, they will not persevere in the war of capitalist competition. The imperatives of cost-minimization and profit-maximization compel capitalists to do these things.

Fair traders' neglect of structural imperatives stem from their 'neo-Smithian' understanding of capitalism, common in most development circles, which historical materialists have long criticised for emphasising market exchanges at the expense of the social relations of production that underlie market relations under capitalism. Most fair traders and fair-trade analysts have focused on the market as the primary site of struggle, but have neglected the imperatives of the distinctly capitalist market which stems from the historically specific

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capitalist social relations that underlie it. According to Marxist political theorist Ellen Meiksins Wood, this specificity involves the following:

first, that material life and social reproduction in capitalism are universally mediated by the market, so that all individuals must in one way or another enter into market relations in order to gain access to the means of life; and second, that the dictates of the capitalist market—its imperatives of competition, accumulation, profit maximization, and increasing labour productivity—regulate not only all economic transactions but social relations in general. As relations among human beings are mediated by the process of commodity exchange, social relations among people appear as relations among things, the ‘fetishism of commodities,’ in Marx’s famous phrase.65

The characteristics of the capitalist market described by Wood lie at the heart of the exploitation that emerges in a capitalist system. All market agents—whether workers, small-scale farmers, or giant TNCs—must compete in a sink-or-swim environment where they must continually exploit others (such as a TNC forcing down workers’ wages) or themselves (such as small-scale farmers selling their crops at near starvation prices) in order to remain competitive and survive. While the ethical aspirations of fair trade have been able to mitigate somewhat the worst effects of these imperatives, the fair-trade network has not been able to escape the power of the global capitalist market which has imposed strict limits on its development project.

The weight of structural imperatives on fair trade is apparent in the UCIRI project which, despite its gains, has also revealed significant limitations. One indication of these limits is the persistence of poverty and insufficient income among UCIRI members. This stems from the fair-trade price which, although it is higher than conventional prices, cannot be so high as to scare off ‘ethical consumers’.66 Thus the price for fair-trade coffee, rather than being determined primarily by social justice and the needs of Southern producers, is significantly restricted to a price that is ‘(as) fair (as possible)’ given the imperatives of the market.67 The result, according to one UCIRI report, is that while the higher income provided by fair trade has eliminated extreme misery among its members, ‘it can not be said that these incomes are adequate to secure the survival of the families of producers’.68 In 2002, this situation compelled around one-hundred and fifty members to leave their farms in search of

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67. Renard 1999, p. 496.  
temporary work in the cities, a common survival strategy among poor rural communities in the region.69

A second indication of the limits of UCIRI’s project has been the failure of its clothing factory, designed to provide alternative incomes to its members outside of coffee production. The factory was opened in 1997 and then closed down in 2004 due to problems with suppliers, the high costs of providing ‘fair’ social security provisions to employees, and fierce competition from low-wage clothing factories in China which has affected the entire global textile industry. This reveals the difficulty of expanding UCIRI’s fair-trade principles outside of its established social-justice network.70

Finally, the limits of UCIRI’s project are apparent in its growing need to make significant concessions with corporate partners to expand market access for its members. The greatest example of this occurred in 2002 when UCIRI signed a deal with Carrefour, the world’s second largest food chain, to sell an unspecified quantity of coffee at fair-trade prices but without independent certification from FLO. This move, driven by market imperatives, represents a significant precedent for the network which threatens to further open the door to corporations developing their own private alternatives to fair trade. It has been criticised by FLO representatives for compromising the integrity of independent certification which is key to ensuring that fair-trade standards are met in an accountable and transparent fashion.71

A far more important consideration for fair trade is not the limits of the UCIRI model, which has provided important developmental benefits to its members despite its weaknesses, but the unlikelihood of being able to replicate its gains on a broader scale. UCIRI, due to its unique history as a founding organisation for fair-trade labelling, has been a particularly successful fair-trade organisation that has typically been able to sell nearly one-hundred per cent of its coffee beans on fair-trade markets. This has not been the case for the majority of fair-trade coffee partners, who on average can only sell around twenty per cent of their beans on fair trade markets. This stems from the limits of the fair-trade coffee market which, although it has grown significantly over the past decade and a half, has never been able to fully meet the needs of Southern partners.72 Moreover, while growth rates in relatively new markets such as the United States and Canada have been high in recent years, sales figures for fair-trade coffee in long-established markets have stagnated,

70. Fridell 2007; Roy, personal communication 2004.
suggesting that a significant growth ceiling may well exist for the entire network once new markets become saturated. Among major fair-trade-coffee-consuming countries, from 1999 to 2001, fair-trade coffee sales remained stagnant in the Netherlands, and declined by two per cent in both Germany and Switzerland.  

With the fair-trade coffee market providing limited growth space, some commentators and fair traders believe that competition between co-operatives is increasing and threatens to erode the network’s culture of solidarity and co-operation. It is becoming increasingly difficult for newer, less developed co-operatives to find market share and extremely difficult for new groups to gain a place on the FLO register. Moreover, donors and lenders tend to favour well-established co-operatives with a solid presence in fair trade and organic markets, which serves only to give further advantage to groups that are already doing relatively well. Under these conditions, it is the strongest and most well-established co-operatives, such as UCIRI, that obtain the greatest benefits from fair trade while weaker groups are increasingly crowded out. For example, it took the FLO-certified Tzotzilotic Tzobolotic Coffee Co-operative in Chiapas, Mexico, eight years to find a buyer for their first shipment of fair-trade coffee in 2001. In another instance, the Unión de La Selva co-operative in Chiapas, after six years in the FLO-system, was decertified in 2000 after failing to fulfil a contract. Commenting on this, La Selva advisor José E. Juárez Valera asserts:

> The current structure of the Fair Trade system lends itself to the formation of elites and political bosses ([caciques](#)) among the producers…. For me Fair Trade should promote not only the participation of well-established cooperatives but also of the less fortunate and less privileged.  

Given the likely limits to the continual expansion of fair-trade coffee sales in the long term, it is probable that market pressures will impose increasing competition among fair-trade co-operatives seeking to expand their market shares and among uncertified co-operatives seeking entrance into the network. Thus, the developmental impact of the fair-trade network’s values of co-operation and solidarity are ultimately significantly constrained by global market imperatives.

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76. Quoted in Gonzalez Cabanas 2002, p. 32.
Conclusion: the limits of market-driven social justice

While bonds of North/South solidarity promoted by fair trade are indeed positive and represent a challenge to the principles of market exchange under global capitalism, this challenge is strictly limited by existing capitalist relations of property and labour and by fair traders’ market-driven approach. Fair traders have, in essence, attempted to de-commodify goods through the very mechanism that leads to their commodification in the first place – the capitalist market. They have attempted to do so by promoting a different attitude toward market exchanges, while neglecting that it is not an attitude but a specific set of social relations of production that result in the imperatives of the capitalist market. It was for this reason that Marx ultimately asserted that the only way to combat the de-commodification of labour and goods was to challenge the social relations that give way to them. This could be done, he argued, through the development of

a community of free individuals, carrying on their work with the means of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour-power of the community.77

According to McNally, this assertion by Marx enunciates three main principles: workers’ self-management and control over the production process; communal ownership of property and collective regulation of resources; and the social co-ordination of economic life in a democratic and participatory process.78

While Marx envisioned a broader transformative project than the more modest aims of the fair-trade network, it is instructive to reflect on these propositions in relation to the network’s efforts to challenge commodification. The network does represent an attempt to develop a model that moves in the direction of the first two principles, although with important contradictions. Worker’s self-management exists in Southern co-operatives, and communal ownership and regulation of co-operative property are also apparent, although small producers are frequently individual property owners. In the North, however, no such principles apply, and Northern licensees can range from small-scale ATOs to giant TNCs, with the latter becoming increasingly predominant in the network.

Of greatest significance for considering the network’s ability to de-commodify goods is the third principle, the social co-ordination of economic life. In this regard, the network’s market-driven project falls significantly short of having

its participants’ labour-power ‘consciously applied as the combined labour-
power of the community’. With fair trade, the capitalist market remains the
ultimate co-ordinator of economic life and the provision of fair-trade standards
to Southern producers is ultimately entirely dependent on the decisions of
Northern consumers who remain atomised and individual consumers directly
unaffected by the social outcomes of their market decisions. Thus, although
goods are being exchanged between Southern producers and Northern
consumers, the effected parties are not engaged in a conscious, democratic,
participatory process in which everyone – as members of a single community –
is equally responsible for and impacted by decisions regulating production
and consumption. While individual Northern consumers might feel a sense of
moral obligation to Southern producers, it is still the market that decides who
sinks or swims in the fair-trade network.

In this sense, the ICA provided a more solid base on which to begin to
construct a long term challenge to commodification, even if this was not an
official goal of the agreement. The ICA put forward the idea that international
prices and a more just distribution of global wealth needed to be state-enforced
and universally applied in order to ensure a modicum of fairness for all
producers and consumers. Despite its shortcomings in practice, it provided a
terrain on which to begin to discuss what a genuine model for a democratic,
participatory process for regulating production and consumption at the
international level might look like. This is not to say that the ICA actually
represented such a model. But, rather, that it indicated the right direction in
pointing away from the market and toward the notion of a more consciously
regulated, universally-applied, political process. In contrast to this, the fair-
trade network points in a different direction, toward a model that is voluntary,
member-specific and dependent on the unpredictable vagaries of the international
market.

In the final analysis, while fair trade does represent an important symbolic
challenge to the principles of market exchanges under capitalism, it is unlikely
to serve as the basis for envisioning a project that moves beyond the symbolic
toward a long-term, fundamental challenge to the core aspects of
commodification. This is due both to the powerful and persistent eroding
influence of the structural imperatives of the global market as well as to the
network’s own market-driven approach, which remains fundamentally rooted
in conventional norms and assumptions of consumer sovereignty and neo-
Smithian market behaviour. To sell their symbolic challenge to commodification,
fair traders have had to package and commodify their challenge in a manner
similar to conventional goods and subject to similar imperatives. While fair-
trade goods do formally reveal the social and environmental conditions under
which goods are produced, consumers in the North remain alienated individuals who are disconnected from producers and who are unaccountable for their market decisions. While fair trade does affirm non-economic values of co-operation and solidarity, in the end the capitalist imperatives of competition, accumulation and profit-maximisation are not a matter of choice, but are a necessity for all economic enterprises that wish to survive within the global capitalist market. To move beyond the network's symbolic challenge toward truly disrupting the fetishism of commodities would ultimately require a project aimed not just at confronting unethical market behaviour, but the social relations that underlie them.

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