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Fair trade: quality, market and conventions

Marie-Christine Renard

Universidad Autónoma Chapingo, Mexico

Abstract

This article analyses Fair Trade, its evolution and the challenges it faces, in the light of the convention theory and its application to the ambit of agro-food.

The article reviews the different meanings and models of what has come to be called Fair Trade, since its beginning as alternative trade, considered as the prototype of a "civic coordination", to its insertion into the large distribution channels through the labeling strategy, that is, when it is reinforced by "market coordination". It discusses the possibility of Fair Trade being re-absorbed by the market logic and captured by the dominant actors of the food system who, attracted by its success, have already adopted strategies to win the promising niche market for themselves, while producers preoccupied with the struggle for survival and looking for the possibility of increasing sales volumes, require to move beyond the limits of marginal distribution circuits and to enter the market full steam.

To counter this risk, one key element in strengthening Fair Trade is to empower the label as a base for network legitimacy and a product of social interaction. This means to reinforce the civic coordination by public authority through the state recognition and the institutionalization of their symbol. On the other hand, it is important not to lose sight of the social interactions on which Fair Trade was built and of the importance of mobilizing them, since those who control the mechanisms of this social interaction have the power to impose their legitimate vision of the quality. In this sense, the article integrates the issue of power largely forgotten in the studies on quality.

1. Introduction

This paper discusses one of the alternative agro-food networks, Fair Trade, which is an experience in progress. This network links producers of the South with consumers of the North and attempts to help the producers elude the full weight of the market forces. The existence and the operation of this network exemplify the limitations of the paradigms of neo-classical (or standard) economics in explaining economic behavior in general, and agro-food markets in particular, and reveal how the actors adjust their economic decisions in the framework of mechanisms of coordination and institutional agreements. These agreements or coordination articulate, beyond individual decisions based on prices, by reference to quality criteria and common systems of evaluation: the definition of quality requires, in fact, a coordination among the actors, which is operationalized by institutional devices (Sylvander, 1995, p. 171).

To study the case of Fair Trade, its evolution, and the challenges it faces in its attempt to win space in the market, our framework draws on convention theory and its application to the ambit of agro-food, mainly following the works of Thévenot, Valceschini, Eymard-Duvernay, Sylvander, Thiébaut, but also other authors who have embraced these contributions, such as Wilkinson.

Building on the foundational work of Boltansky and Thévenot (1991), convention theory attempts to introduce sociological considerations to economic analysis (Rallet, 1993). According to the theory of conventions, quality is one of the spheres in which economic activity is regulated by procedures that go beyond regulation by price (Sylvander, 1993). Contrary to the neo-classical theory in which the prices mechanism encapsulates all the required information about a product (Wilkinson, 1997), the theory of conventions perceives quality as the fundamental concept for the analysis of economic life, as well as being the key axis of current competitive strategies (idem) in this post-Ford period. At the same time that we observe deregulation policies in the

E-mail address: renardmc@hotmail.com (M.-C. Renard).

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agricultural sector, re-regulation appears in other spheres of the sector, specifically in concerns about health, food and environment (Watts and Goodman, 1997, p. 13). All of these questions articulate around the diverse senses of quality (Renard, 1999a, b). Quality is an endogenous social construct that contributes to coordinate the economic activity of the actors. It can be constructed by two routes: the introduction of collective institutions that establish rules for quality and the means to uphold them or the acknowledgement of forms of local ties among actors that allow them to communicate and negotiate. In reality, these two routes often cross (Sylvander, 1995; Murdoch and Miele, 1999).

Justified agreements are defined as situations in which, to mobilize others (in the economic field), an actor must provide justified arguments that refer to common principles (Eymard-Duvernay, 1995, p. 45), which are common systems of evaluation or grading. These common principles can be of different orders, called by French authors "les grandeurs," and translated as "worlds" in English (Wilkinson, 1997). The actors coordinate themselves by reference to these common principles, and each "world" has its specific mode of evaluation of quality such as the product standardization found in the "industrial world" of mass production and the more personalized and place-based ties of the "domestic world" (Wilkinson, 1997).

Several authors contributors to convention theory identify the existence of six types of conventions, arising from the six types of justification that serve to coordinate action; these justifications were elaborated originally by Boltansky and Thévenot (1991). In our paper, we will adhere to Sylvander's (1994, 1995) application to the agro-food sector, where he distinguishes between four ways to define quality:

- Industrial coordination, which rests on standards, norms, objectivized rules, and testing procedures.
- Domestic coordination, based on face-to-face relations, on trust of people, places or brand names.
- Civic coordination, which rests on the adherence of a group of actors to a set of collective principles; it structures its economic relations: Fair Trade is the prototype of this coordination.
- Market coordination, or coordination by market laws, basically through the mechanism of prices.

Today, we observe the advance and proliferation of the industrial-market type conventions. Nevertheless, the devices of coordination are varied and offer possibilities not only of commitment, but also of tension among these diverse orders (Thévenot, 1992). Products of a specific quality that rest on "domestic coordination" (such as those linked to a specific regional origin), or "civic coordination" (such as organic products), require institutional certification[1] that guarantees its quality, thus giving way to an industrial-type imperative, the objectivization of quality. Once defined, this certification leads to industrial product standardization (Sylvander 1995, p. 174, 179). In addition, as the consumption of civic quality products increases, it may be necessary to reinforce weak civic coordination with market coordination (Thiébaut, 1995, p. 131). Although the strategy of differentiation involving the adoption of quality labels allows actors to avoid price competition among identical products (market coordination), the trivialization of labels and other symbols of recognition may lead to their re-absorption by market logic. Specialists in marketing make strategic use of other "qualifications" to produce symbols when they presume a tradition, foster confusion among labels, or invent ecological seals above and beyond the particular regulatory bases and technical norms of these worlds (Thévenot, 1992). This reveals the danger of reducing the qualification of the goods to simple symbols.

Today, many cases can be found to illustrate the strained relations between domestic coordination and market coordination. For example, the denunciation by advocates of market coordination of the products labeled by Denomination of Origin, as in the case of the French A.O.C. system, and protected by regional legislation (Thiébaut, 1995). In the same way, commitments between the civic and market worlds may be subject to intense strain since, by definition, they are contradictory: civic qualification rests, in fact, on values that imply severe criticism of the benefits of the market (Thévenot, 1992).

All of this implies that quality is not simply a dimension of competition, but an object of collective understanding and negotiation (Valceschini and Nicolas, 1995, p. 30). However, when speaking of coordination, there is the danger of forgetting that, even when talking of consensus, power relations do exist and are expressed in the organization of the institutional framework which channels confrontation among particular interests (Linck, 1999, p. 20). Confrontation is channeled, but it does not disappear. Building relationships of coordination is not exempt from tension. Power is, however, largely forgotten in the studies on quality (Deverre, 1995). As the case of Fair Trade reveals, behind the management of quality[2] lie the question of

[1] Certification of quality consists in guaranteeing, with a particular symbol, that the product (or the commercial relationship), in fact, possesses the characteristics advertised. The validity of the certification rests upon an independent organ that guarantees compliance with the norm (Valceschini and Nicolas, 1995, p. 31).

[2] Managment of quality is defined as the ability of any system to guarantee objectively that the quality delivered corresponds to the quality demanded. It is the effectiveness of this negotiation that will build trust among the actors who are parties to a transaction.

the legitimacy of their symbols and the mechanisms of control over the interactions that produce them.

We begin with a review, inserted into historical diachronics, of the different meanings and models of what has come to be called Fair Trade.

2. The alternative trade: a civic coordination

> The word "alternative" was used to denote difference. Alternative trade operates under a different set of values and objectives than traditional trade, putting people and their well-being and preservation of the natural environment before the pursuit of profit. Alternative trade …tends to distribute the products through the alternative distribution channels of World Shops (IFAT).

The organizations that promote alternative trade, as we know them today, emerged in the 1960s in the context of political movements against the neo-imperialism. They were associated with political solidarity movements with countries that were politically marginalized. According to their leading organisation,

> alternative trade in the late 60 s and 70 s was more about finding markets for products from countries that were excluded from the mainstream trading channels for political reasons than about promoting the well-being of the producers (IFAT).

For example, the first campaigns to import coffee through alternative routes reflected solidarity with the Sandinista government. It was thus a militant initiative.

These initiatives converged with another current of alternative trade that began with non-governmental organizations, sometimes religious organizations, seeking to help "underdeveloped," "developing," or economically "dependent" countries of the Third World.

Influenced by the notion of unequal exchange in North-South economic relations, the basic idea of alternative trade was summarized in the motto "Trade, not Aid." This perspective located the fundamental cause of underdevelopment in world trade practices and the alleged deterioration in the terms of trade against primary product exports. At the same time, governments of developed countries would spend millions in aid on projects to encourage development; these projects turned out to be no more than charitable palliatives. It was therefore preferable to reverse the logic of these exchanges and pay raw material producers a price that would allow them to take responsibility for their own development, rather than continue making donations. Militants who were convinced of these principles organized to import Third World products at prices that were not established by market laws but would allow producers a minimum of subsistence.

The movements—since it was about social movements—of alternative trade aimed to find markets for products of the countries of the South, mainly handicrafts, coffee and sometimes tea, in the North by creating a circuit parallel to large mainstream distribution through networks of specialty stores (world stores) managed as cooperatives and staffed by volunteers and militants. Some of these organizations broadened their activities to support development projects and the formation of producer cooperatives in the countries where their goods were made.[3]

Today, Alternative Trade Organizations define their function as "an alternative way of doing business that is beneficial and fair" with "two-fold objectives: to improve the living conditions of the poor and oppressed in developing countries and to change the unfair structures in international trade" (IFAT).

In the late 1980s, collaboration among alternative trade organizations led to the formation of EFTA: European Fair Trade Association, which groups 13 alternative import organizations in 10 European countries. They work together to coordinate and complement their activities and avoid duplication. Among their tasks is lobbying for the extension of the principles of fair trade to general trade exchange practices in Europe. Also, International Federation for Alternative Trade (IFAT) a network of 150 organization in 47 countries, was founded in 1989 to improve the living conditions of the underprivileged through trade and exchange of information (IFAT).

During those same years, something occurred in Europe that would change the direction and form of this kind of trade: the birth of labeling organizations.

3. Fair trade labeling: the strengthening of a civic coordination by the market

The first fair label,[4] with the name Max Havelaar, was created in the Netherlands in 1988 after a long discussion within an NGO over how to respond to a very concrete petition from a Mexican cooperative of coffee producers, who requested help in marketing their product in Europe. This reflection led to an analysis of the concrete limitations of alternative trade as it existed at that time. Although this type of trade questioned the mechanisms of the dominant market system and proposed a fairer relationship between producers and consumers, it was far from resolving the problems of

[3] Among the best-known alternative trade organizations are Oxfam and Twin Trading (Great Britain), Stichting Ideele Import (Netherlands), Oxfam WereldWinkels or Magasins du Monde (Belgium), Equal Exchange (United States), Artisans du Monde (France), and Intermon (Spain).

[4] In French, "commerce équitable", in Spanish, "comercio equitativo" o "justo".

selling Third World products. In fact, in the context of the rhythm and lifestyle of contemporary Western European societies, going to an "alternative" store to buy only one or two products represents such an effort, even for the most convinced consumers, that such inconvenience tends to count more than the higher prices of the products. It was essential, then, to increase sales opportunities, and instead of inviting consumers to buy at alternative stores, it was more profitable to offer the products at places where consumers normally shop: in the large distribution channels. This also implied a change in the message: to broaden the spectrum of the public interested in buying these products, it was necessary to appeal more to humanitarian sentiments than to political convictions[5].

After months of discussion, and facing the difficulty of penetrating a coffee market that was highly concentrated in the hands of a few oligopolies, the organization opted to create a distinctive label. This label (Max Havelaar), printed on packages of any established brand name coffee sold in mass distribution centers would certify, for the consumer, that the coffee satisfied the conditions of fair trade, beginning with a fair price that guaranteed better living conditions for the growers. This coffee would also be sold at a higher price than the conventional coffees, and the consumers would accept paying more for their coffee as long as they were guaranteed that the price difference would reach the growers and not the middlemen. Reliance on coffee roasters, whose brands were already recognized, offered the opportunity not only to make use of their know-how but also to overcome the deeply entrenched, negative image of "solidarity" coffee.

With this insertion into the large distribution channels, using the conventional circuits and appealing to their actors (importers, industrial roasters and distributors), fair trade left the marginality of the special shops and the alternative networks behind. The intention of the Fair Trade labeling organizations was to create a reality within the market, instead of constructing an alternative outside the market.

After strong initial resistance to this initiative, which utilized the very means which they had originally rejected, the alternative trade organizations (ATO) of the EFTA adopted the same model with their own label, TransFair, and in Great Britain the FairTrade label was born. Diverse organizations began to collaborate to avoid competition among the labels (Max Havelaar, TransFair, FairTrade), to jointly register the grower cooperatives who are part of the initiative, and to unify certification criteria. The initiative grew and today there are 14 sister organizations in Europe[6] and more recently, in the United States, Canada and Japan. In 1977, coordination among all the organizations was formalized under the name of FLO: Fair Trade Labeling Organization International, with headquarters in Germany. FLO and its member organizations are responsible for securing certification of all the labeled products, as well as granting licenses for the use of the label to manufacturers and/or importers who comply with the conditions of Fair Trade.

Besides coffee, the fair trade label is found on other products, such as cacao (in the form of chocolate drinks and chocolate bars), tea, honey, bananas, cane sugar, orange juice and, recently, flowers. In some cases, these are produced by cooperatives of small farmers and in others are plantation crops, leading to differences in certification criteria. There are, however, general criteria for what the label guarantees. The buyers agree to meet the following conditions:

- direct purchase;
- a price that covers the cost of production and a social premium to improve conditions;
- advance payment to prevent small producer organizations from falling into debt;
- contracts that allow long-term production planning and sustainable production practices.

The conditions for granting certification to the growers are:

- small scale farmers can participate in a democratic organization;
- plantation and factory workers can participate in trade union activities and have decent wages, housing and health and safety standards;
- no forced or child labor;
- programs to improve environmental sustainability (FLO).

The products that are most firmly established on the market are coffee, present in all the countries since the initiative began (4% of the market in Switzerland, 3% in the Netherlands, 2.5% in Denmark, around 1% in Belgium and Germany), and bananas, which in a few years has surpassed all expectations; in 4 years, bananas with the Max Havelaar label have won 16% of the Swiss market, 4% of the Dutch market, and 1.3% of the Danish market (Belling, 2000).

The alternative trade world stores have not disappeared all together, and they are working under the concept of Fair Trade, together with fair trade labeling. Cooperation between all those organizations developed in 1998 under an informal umbrella group of the four

[5] Interviews with members of the Max Havelaar Foundation, Netherlands.

[6] Germany, Austria, Belgium, Denmark, Finland, France, Great Britain, Ireland, Italy, Luxemburg, Norway, the Netherlands, Sweden and Switzerland.

main international networks known as FINE, an acronym based on the first letters of FLO, IFAT, NEWS! (Network of European Workshop) and EFTA. In October 2001, FINE established one single definition of Fair Trade, accepted by all actors in the movement (EFTA, 2001a, b): "Fair Trade is a trading partnership, based on dialogue, transparency and respect that seeks better trading conditions for, and securing the rights of, marginalized producers and workers, especially in the South".

4. The success of Fair Trade

The strategy of placing products with the label of guarantee on the market has resulted in spectacular growth of "fair" trade: in Europe alone sales were 250 million dollars in 1995 (EFTA, 1998).

All of the products with the equity label have registered, in a greater or lesser measure, advances in the different countries where they are sold. In Denmark, for example, sales of equity coffee have grown 20% yearly (Belling, 2000). In Great Britain, Cafedirect grew by 55% in 1998 alone[7]. In Europe, the label enjoys widespread recognition among consumers (57% in Switzerland, 80% in the Netherlands, 36% in Denmark) (Belling, 2000), who attribute positive qualities to it. New countries, new importers, and new distributors are constantly being incorporated into the initiative. Public institutions are increasingly frequent consumers of products with the equity label, beginning with the European Parliament, where fair coffee is consumed. Numerous press articles report on the initiative and its aims, always in a positive light. In other words, "fair" products are making way in the buying habits of the wide public in countries of the North. For the small producers of the South, fair trade accounts for six million dollars that were transferred to them between 1996 and 1999 (Belling).

If the "fair" trade initiative is associated with values of equality in the exchanges and with the task of making consumers aware of the negative effects of international trade for the producers, it is difficult to separate it from the growth of a vigorous world-wide movement that opposes economic and political globalization, with its effects of social exclusion and ecological destruction. This movement, which brings together "green" activists, anarchists, unions and other social and political organizations united against the global neo-liberal economic model, emerged from protests against the IMF and the World Bank in Seattle and Washington. This international movement, which "puts the finger" on production and living conditions in the countries of the South and denounces globalization by and for transnational corporations, assuredly favors the sale of "fair" products.[8]

[7] The Independent 7-11-1999.

5. An inherent contradiction of the model: the compromise between civic and market coordination

Though blurred by the uniform term, "Fair Trade," tension remains between two visions: one, a more radical conception that sees "fair" trade as a tool for modifying the dominant economic model, and the other, more pragmatic, that emphasizes the insertion of products from the South under fair conditions in the markets of the North (Raynolds, 1999). For the first group, more politically and ideologically linked to militant movements, the label is merely a tool of transition, and the challenge consists of making fair trade the general rule. Thus, it is an alternative to the dominant model or, in other words, the aim is to make all exchanges fair. The second group attempts to penetrate the market and the lifestyle of consumers in order to sell larger quantities of fair products and to strengthen the producer organizations of the South, demonstrating by this route that the dominant model is not monolithic. The contradiction is not unsolvable: both struggle against the market power that dominates small producers.

[8] Those concerns led to another concept: Ethical Trade. In response to the growing concern of some Western consumers about the working conditions in the South, some organizations have sought to improve these work conditions by establishing a code of conduct and a monitoring system for workshops and industries. In Great Britain, a group of NGOs began collaborating with unions, businesses and companies to establish norms with the support of the UK government. This collaboration is known as the Ethical Trade Initiative (ETI). The code of conduct is inspired by conventions of the International Labor Organization (ILO), and the obligations include rights to union organization, to decent wages and work conditions, and regulations relative to child labor. The advances and results of this concerted action are reported in a yearly publication. On the same note are the recent campaigns by certain sectors (university students, NGOs, unions) of the United States against work conditions in the "sweatshops" of the South through boycotts against brands manufactured with child labor and inspection tours through Mexican maquiladoras that make athletic clothes for university teams in the North. Unlike Fair Trade, Ethical Trade is concerned with the conditions of production in the formal sector of mainstream commercial companies. Fair Trade focuses on the conditions of production and commercialization of specific groups of producers, that is, the cooperatives of small peasant producers or plantations with which there exists a relationship and meet registration criteria. Helping these groups gain access to the international market in conditions more favorable than if they were subject to the laws of the market, involves not only a minimum guarantee price, but also the knowledge and skills to be able to prosper once access has been achieved. In other words, Fair Trade aims to create networks of exchange, to establish a relationship between producers and consumers that goes beyond the commercial transaction and gives the producers tools of empowerment.

The tension does reflect, however, a real ambivalence of the Fair Trade Labeling Model, one that acts both inside and outside the market, a contradiction between the identity of the groups linked to activism and their reality as business. Indeed, "equity" products respond to commercial logic from the moment of their insertion into the market: what is "ethical" is a selling point and profits come from the social significance the products carry. That is, these products occupy a niche in the market, but this niche also responds to a logic contrary to market logic in that the way it escapes purely mercantile considerations. The actors must accept conventions and conditions, such as a minimum price guarantee above the market price, direct dealing with the producers, prepaying the harvest, and others, and the Fair Trade market rests on a structure of external certification whose principles are contrary to market laws. It is obvious that this ambivalence brings with it consequences and paradoxes, as noted in previous work (Renard, 1999a, b).

The intrinsic contradiction of the Fair Trade strategy arises from its appeal to the notion of co-responsibility on the part of the buyers for the situation of the producers: the simple act of buying implies that the consumer has enough power to change the state of things for the producer. But betting on the consumer has implications that are strictly commercial, beginning with the need to take measures to ensure that this kind of buying grows by convincing more buyers. That is, in order to find markets for all of the small producers who are attracted by the higher prices, often their only chance for survival. Also, there is the need to satisfy the businessmen who participate in the network and who do so, not from any ideological conviction, but because it is convenient and profitable. This ambivalence leads to compromising ethical principles and juggling them with mercantile considerations.

Under these circumstances, doubts arise about Fair Trade's role in inducing social change, about its "alternative" status, with the risk that the original mission will lose coherence. It is feared that consumers are buying a clear conscience and are forgetting about ideals. This has led associative militants to express their concern about losing sight of the values of alternative trade in the process of gaining more presence in the market[9]. This would involve the dilution of fair trade ideology by the market. The organizations find themselves in the dilemma of "continuing to be pure (and marginal) or aligning with large distribution (and losing their soul)" (Regnier, 2001).

Producers, who often are excluded from such discussions and the luxury of purist positions, are more preoccupied with the struggle for survival and the possibility of increasing sales volumes. This requires moving beyond the limits of marginal distribution circuits, while preserving the conditions of fair trade. The present situation of the coffee market amply illustrates this imperious need.

In recent years, coffee growers have found themselves in the worst crisis seen in the entire history of the sector. World-wide overproduction has accompanied the exponential extension of Asian coffee cultivation, particularly in Vietnam. A few transnational corporations dominate the market creating an oligopoly. Speculation in the futures markets and the absence of an international regulatory institution have all contributed to the crisis that has meant the ruin of thousands of small operations and the loss of hope, followed by migration, of millions of peasants. Arabica coffees of the "other mild" types cultivated in Mexico and Central America are paid around 50 cents a pound, while production costs in Mexico are around 90 cents a pound[10]. The fair market principle requires that importers and roasters who are participants in the initiative pay a minimum price of 126 cents, which means the difference between ruin and abandoning plantations to survive and the possibility of consolidating self-managing production cooperatives. The interest of these organizations in gaining access to the fair trade market niche is correspondingly great, and the problem lies in expanding the demand for fair products so that the supply can be absorbed. This is the real, urgent context of the debate over the insertion of Fair Trade into the large distribution circuits and the risk that it will be absorbed and undermined by these same circuits. The challenge is to achieve, simultaneously, the economic expansion of Fair Trade and its political consolidation. This is what Oxfam is trying to do. Parallel to selling products with the Fair label in large-scale distribution channels, it is preparing a campaign against the coffee industry transnational corporations to attempt to force them to adopt a code of trade conduct (which includes a minimum buying price).

Meanwhile and because of the slow growth of the solidarity market in Europe, Mexican cooperatives—the same cooperatives that were involved in the origin of Fair Trade Labeling—have approached Carrefour, the second largest distributor group in the world, and have entered into a 10-year contract to sell their organic coffee directly, at a price that exceeds fair market prices (150 dollars per quintal, leaving 5 dollars for marketing promotion). This coffee will be marketed in Europe under the seal "Bio Mexique," but without the Max Havelaar fair label. The contradiction is more obvious than ever: while producers, to increase their sales, need

[9] Opinions offered in the Workshop "Re-regulating the global economy through Fair Trade: setting a research agenda". Colorado State University, May 2000.

[10] Data from La Jornada, El Financiero, Revista Cafés de México, and from field work.

to enter the market full steam, getting "fair" prices, but submitting themselves as suppliers to gigantic transnational companies—with the risks that come with it—Fair Trade organizations criticize this decision that they judge to be unilateral.

6. Is fair trade being reabsorbed by the market?

The concern that Fair Trade is being reabsorbed by the market is not idle speculation but rather is sustained by the growing interest of certain sectors of food production and distribution in fair trade.

Indeed, the success of Fair Trade Labeling in developed countries is attracting dominant actors in the food system, who have already adopted strategies to "get on the bandwagon". This may be done either to counteract the impact of fair trade on their sales by launching campaigns to confuse consumers by introducing parallel labels based on weaker criteria or to win the promising market niche for themselves by creating their own fair product lines. Several examples illustrate these strategies.

During the first years of the Max Havelaar initiative in the Netherlands, Douwe Egberts monopolized coffee roasting in that country. This company carried out several advertising campaigns to stop the advance of "solidarity coffee" and improve its own image. One of the campaigns was "*boerenkoffie*" (peasant coffee), in which the corporation announced the creation of a foundation composed of roasters and coffee growers, thanks to which direct contact with small-grower cooperatives was made. Thus, as of August 1989, (Max Havelaar was founded in 1988), Douwe Egberts had the possibility of buying coffee directly from small producers. The Association Max Havelaar felt obliged to carry out a counter-campaign to demonstrate that the transnational only paid market prices (Renard, 1999a, b, pp. 224–226). In later years, the same corporation joined another charity campaign, "Coffee for everyone," in which, for each package of coffee bought, two cups of coffee were given to food banks that provided food to needy families. Similarly, in Germany, the Jacobs company introduced "Café Condor", whose trade with Peruvian cooperatives was based on principles similar to those of TransFair.

In the United States, the largest gourmet coffee company, Starbucks, which represents 1% of the world coffee market, operates 2000 cafés throughout the country and had an income of 1.7 billion dollars in 1999, ceded to the pressure of ethical trade activists who threatened to organize a campaign against them, like the "sweatshop" campaign against transnational corporations, such as Nike or Gap. In April 2000, Starbucks announced that it would buy part of their coffee through the channels of fair trade; this coffee will be certified by TransFair, recently established in the country. The volume handled by Starbucks represents an important increase in demand for fair trade coffee and the output of small-producer cooperatives. It also represents a significant source of income from the license rights, which helps to sustain the initiative. On the other hand, even though only one coffee in the Starbucks range will carry the equity label, the company will nevertheless benefit from the image associated with the seal's positive values.

The fact that Starbucks was obligated to participate in fair trade also has led to a new campaign to launch its own label that could win the confidence of consumers thanks to the strength of its publicity. It has already developed a project for shade-grown coffee[11] with growers of Chiapas and Central America, with the stated aim of improving the lives of the coffee farmers and maintaining quality supply lines (USA Today July 26, 2001). If Starbucks were to withdraw from participation in the TransFair label, little would remain of the Fair Trade in the United States, where, unlike Europe, its introduction was not preceded by a large campaign to explain to consumers the meaning of the label and who certifies it, making attempts at deception easier.

In spite of their campaigns, the heads of European ATOs are aware that if the coffee roaster giants deployed all of their economic weight to promote their own label, they would win over the consumers. Up to now, the industrial firms in the European Union have not shown the least interest in doing so—not the case of the large distributors with their own brands, who are attracted by the rise in sales of labeled products.

In Belgium, the associative sector linked to alternative trade has been drawn into intense debates following the proposal made to Oxfam by one of the country's largest distributors to sell fair products in its supermarkets. The strategy of the consortium is to gain ground on its main competitor, which is riding the wave of organic products and has also shown interest in strengthening its range of "what is ethical". The offer raises the possibility of distributing products from the South on a large scale, thus benefiting more producers, but in exchange for granting these not-always-ethical corporations opportunities to engage in "image laundering,"[12] thereby risking the organization's prestige. There is also the difficulty of guaranteeing compliance with fair trade criteria at this scale. Meanwhile, as the alternative movement debates the issue, distributors like Carrefour are contemplating launching fair trade under their own name or their own

[11] Shade-grown: coffee trees planted under a partial to full-shade forest canopy. Shade trees promote a healthy environment, reduce the need for fertilizers and pesticides, encourage wildlife and protect crops from frost (Starbucks).

[12] A strategy similar to "green washing" in ecological matters.

label. The first step is the agreement with the Mexican coffee producers organizations referred to above. With the growing power of these distributors, the danger is that they may eventually impose their conditions.

The multiplication of all kinds of fair labels also extends beyond the food sector. The worldwide chain, Body Shop, a public company listed on the London Stock Exchange, with 5000 employees worldwide and which trades through over 1900 franchisees stores in 50 markets around the world, promotes its own concept, "Community Trade," with its ad hoc label and its own criteria. Such trade is defined as "a practical and powerful expression of our commitment to social change through the principles of fair trade. … the suppliers benefit with fair prices and support their communities in achieving their goals."[13] It adopts Fair Trade reasoning about responsibility and the power of consumers to promote their own products. Trivialized discourse and the profusion of symbols and seals can lead to confusion or loss of consumer interest and trust.

7. Empowering the label, professionalizing certification: to reinforce fair trade by industrial coordination

It can be considered an achievement if large operators participate in the fair trade initiative without eroding the legitimacy of the label, its meaning and the certifying organizations. On the other hand, isolation in marginalized circuits also adds to the danger that large operators will launch their own "fair" brands, creating doubt among the consumers. The dilemma is a difficult one to resolve. It is essential to ensure that the label is clear, that the guarantee represents what it says it represents. It is also absolutely necessary to avoid any possible confusion with other seals of other qualities, such as those on organic products or ethical labels, although convergence among these initiatives is, in fact, occurring. For example, the requirements for certification of "equity" bananas include working conditions, as well as conditions of environmental management on the plantations and, although organic cultivation of coffee is not a condition for its certification as a fair trade product, the promoters of the initiative actively encourage it.

The growth of Fair Trade and its expansion into new products has led to a serious problem of unifying "fair" criteria. It is obligatory that Fair Trade coffee is produced by cooperatives of small growers, while Fair Trade bananas or tea are cultivated on large plantations. Registration of the growers is done by product, and contracts with merchants and industrial firms, as well as monitoring, vary considerably. Because of the need to reinforce the credibility of the label among consumers, but also because of demands for clear and homogeneous criteria, the last FLO meeting in September 2001, decided to establish an independent, autonomous organ of certification. This organ will seek its accreditation under international norms (ISO 65) as a recognized certifying organ (FLO, 2001). The fair trade initiatives organized in FLO thus will no longer determine their own accreditation but now must seek the recognition of states for the newly established certifying organ that in future will define the criteria for permission to carry the Fair Trade label. It is hoped that this step will prevent the creation of parallel certifiers or labels by the mainstream economic actors.

8. The challenge: to strengthen social and symbolic capital

This market niche is distinguished by its emergence from the mobilization of the associative sector and is sustained by public opinion.

Fair Trade symbolised by the label produces interactions. As the sum of collective practice, it constitutes a network and produces identity. Its power clearly emanates from the social relationships that sustain it, which are its social capital, and from the strength of the label, its symbolic capital. It is about power which springs from the creation of social relationships and its symbolic capital which, in turn, are translated into economic benefits through premium prices.

It is essential, therefore, to preserve the relationship between the "equity" market and the social organizations that incubated it. "Without the original linkage to social movements, alternative products lose their capacity to affect consumers' and producers' identities, and therefore the capacity to generate social change" (Brunori, 2000). As Whatmore and Thorne (1997, p. 297) pointed out, "while the mode of ordering of enterprise is present throughout the fair trade hybrid network, it is mediated and re-articulated by another mode of ordering, that of *connectivity*" between farmers and consumers[14].

Thus it is vital to maintain and increase communication between producers and consumers to make evident the function and place that they occupy in a network,

[13] Support Community Trade is only one of The Body Shop values. The others are: Against animal testing, activate self-esteem, defend human rights and protect our planet.

[14] "Modes of ordering are both narrative (ways of telling us about the world…) and material (acted out and embodied in a concrete, non-verbal, manner in a network)". In the mode of ordering of connectivity, "stories are told of partnership, alliance, responsibility and fairness… This is a mode of ordering concerned with the empowerment of marginalized, dismissed, and overlooked voices" (Whatmore and Thorne, 1997, p. 294, 295, 299). The authors refer to the tensions between what they call the modes of ordering of enterprise and connectivity.

since experience has shown that ignorance of those linkages can place the entire network in danger (Renard, 1999a). Frequent reminders of these ties underline the social and political meaning of the initiative, and reinforce the long-term vision against very short-term charitable action and opportunities for image laundering.

On the other hand, reinforcement of the network also needs efforts to clarify the relationship between the fair trade movement and the farmers' representatives. In this respect, producer organizations frequently reproach the FLO initiatives because they are subject to scrutiny and certification of even their internal operation, while this is not the case with the Northern associations that no one certifies. Producers also are involved in an on-going dispute over their representation in FLO, arguing that Fair Trade is a "partnership," then they have the right to a larger number of representatives in the organization. The fair trade associations highlight the fact that for growers the relationship with the network is, in some cases, utilitarian, and that they would have no scruples in abandoning it when market prices rise, failing to fulfill their contracts with their industrial partners. The reorganization of FLO includes proposals for grower liaison officers to attempt to solve problems caused by the distance between the initiatives in the North and the growers in the South.

9. Conclusions

Fair Trade is an example of how economic relationships do not necessarily eliminate the possibility of cooperation among its agents to construct rules and mobilize collective resources: coordination among economic agents is not founded exclusively on relations of free competition nor on the mechanics of classical economic paradigms (Linck, 1999, p. 15).

Fair Trade products represent a market niche based on the image of solidarity with small producers of the Third World and equity in trade relationships. This image is symbolized by means of a label, which guarantees, for the consumer, certain conditions of production and commercialization of the product—or what we have termed, according to Thiébaut (1995), its "external" quality (Renard, 1999a, b)—and justifies the added price. One key element in strengthening fair trade is this label of guarantee, which functions as symbolic support, distinctive sign of quality of the product (as a social construction), basis of value and a source of power for those who do the certifying. Control over the mechanisms of access to the niche (from the sides of both producers and intermediaries) is an arena of power. The information contained on the label is linked to moral values (justice, solidarity). The interactions that the network or market niche creates are structured around a body of rules that are the foundation of its legitimacy. These rules or trade dispositions control access to the market, and the modalities of valuation of the products, and therefore of work, can be viewed as social relationships of production (Linck, 1999, p. 23).

The label communicates an image of justice and equality in opposition to the relationships of domination that pervade market exchanges. It makes an appeal to the consumers, in the name of these values, to exercise their power. In isolation, the option of each individual consumer would be to give charity, to buy a clear conscience. Integrated into collective action, the intention is to demonstrate that the law of supply and demand and the domination of transnationals are not inevitable: purchasing is transformed into political action. The act of buying fair products creates social ties among consumers. The model rests, therefore, on the adhesion of a series of actors to a body of collective principles, a coordination by civic opinion, where value arises from "notoriety", which is not an attribute available for purchase but a distinctive symbol in opposition to coordination by market laws (Thévenot, 1992; Sylvander, 1995). This coordination does not, however, imply the adhesion of all of the actors to the ideological principles of the initiative, nor does it eliminate the power relations at the heart of the network. The contradiction between militant identity and commercial reality has become evident since Fair Trade gained access to the circuits of large-scale distribution and began to place its bets on consumers in general rather than on militants; that is, when market coordination reinforced civic coordination. In this sense, it is possible to conceive of a situation where the distinctive sign is captured by the dominant actors of the market, and becomes part of the mercantile game. In contrast with other networks that mobilize around values such as ecology or localism, the symbolic value of Fair Trade marks an ethical difference from conventional trade and from the values that sustain it. Its ambivalence is stronger when it begins to rely on conventional distribution channels, whose actors, as in all power relations, can, in the end, win space or impose their rules. This would mean the neutralization of the initiative.

If the sign is not to suffer from trivialization and control is to be kept over the mechanism of access to the network and the market niche, Fair Trade organizations need to institutionalize the criteria of certification and to seek state recognition. In other words, coordination by civic opinion needs to be reinforced by public authority through the recognition of their criteria and official institutionalization of their symbol so that it is not reabsorbed by the market.

The possibility of Fair Trade being neutralized through labeled products with less respect for social standards shows the danger of reducing the qualification of products to simple signs (Thévenot, 1992). It is therefore vital not to lose sight of the social interactions on which Fair Trade was built and which legitimize it, and of the importance of mobilizing them, since those who control the mechanisms of this social interaction have the power to impose their legitimate vision of the quality (Deverre, 1994), in this case, of Fair Trade.

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