

## Response to Acadia Environmental Student Society on Fair Trade - Summer 2009

### Introduction

The response below is the result of a conversation between members of the Acadia University Environmental Student group and JUDES, an educational non-profit with a mission to build solidarity between consumers and small producers across the hemispheres with respect to social, environmental, and economic justice ([www.judesfairtrade.ca](http://www.judesfairtrade.ca)).

The question posed to the JUDES staff member is what the response might be to a report (Unfair Trade) authored by Marc Sidwell of the Adam Smith Institute (2008), as well as the documentary *The Bitter Aftertaste*, sponsored by WORLDWrite. The links for these resources are:

- [www.worldwrite.org.uk/bitter/film.htm](http://www.worldwrite.org.uk/bitter/film.htm)
- [www.adamsmith.org/images/pdf/unfair\\_trade.pdf](http://www.adamsmith.org/images/pdf/unfair_trade.pdf)

### Response

#### *Market Interference*

Fair Trade opponents, such as the Adam Smith Institute (ASI), argue that any interference in the market disrupts the market and creates further problems. The claim is that the higher price set by Fair Trade encourages producers to produce more, leading to excess supply, thus driving down the price for non-Fair Trade sellers. The reality is that most transactions between small producers and intermediaries occur in non-competitive environments, where producers have little choice to whom they sell their product. In many cases, farmers are forced to sell to intermediaries at low prices or risk losing the entire value of their crops or experience threats to themselves and their families.

It is the unregulated nature of the markets and accumulation of power and wealth in the global North that continues to create huge inequities in the global South. All of our northern and western countries have been built on slave labour (either during industrial times with literal slave labour or by the virtual slave labour of extreme poverty) and the extraction of natural resources at vastly undervalued amounts from the global South (with massive detrimental environmental, economic, and social impacts).

We also have heavily subsidized crops from northern countries (e.g. rice, cotton, and corn) that artificially lower their costs (far more than Fair Trade ever might raise costs), which is a result of heavy lobbying by those industries in the US and Europe, as well as the push for lack of tariffs and trade barriers. It is one of the key factors in the food security crisis in the global South.

Fair Trade is not the only answer to these deep trade injustices; it is one response that is evolving and needs to continue to improve, in order to make the impact it really intends to make. *Bitter Aftertaste* is correct when it makes the point that Fair Trade is not the only answer. Fair Trade is one important and vital step in a continuum of agricultural land reforms, work on food security and climate change, gender equity issues, global financing, and other

issues that are necessary to alleviate poverty and create global equity. It's not a magic wand, as these are complex issues. Fair Trade needs to adhere to and reignite the values that created Fair Trade in the first place and put the needs and concerns of the farmers at the forefront.

However, JUDES believes it is a system which honestly provides a better life for farmers and their families and does have significant positive benefits. It's an alternative to the typical trade structures that created the inequities in the first place. It is also a clear mechanism for consumers to signal what they value and to pressure companies to adopt ethical practices.

Farmers and Fair Trade advocates are working together to improve the Fair Trade system, which is not perfect, but we also feel like there are significant benefits to Fair Trade as it is presently running. We visited Mexican Fair Trade and organic coffee farmers in February 2009. The farmers there benefit from projects that they would otherwise not have. As a result of Fair Trade, they now have schools, health and dental clinics, training and education, access to markets, local transportation, and so on. These are all supported through Fair Trade pricing (what is called the social or Fair Trade premium).

The majority of small farmers working with Fair Trade belong to co-operatives or farming associations. One of the arguments against Fair Trade is that only a small percentage of the pricing actually makes it to the individual farmer, with the co-operatives taking the biggest portion. While the co-operatives do receive payment for the product, the farmers are the co-operative. As members, they vote on how the money will be used, and they benefit from being members through the enhanced ability to process and market their products, and build long-term relationships with their customers.

Tadesse Meskela is the General Manager of the Oromia Coffee Farmers Co-operative Union in Ethiopia. We had the opportunity to speak with him in May 2009 and ask him this question: "One of the critiques of Fair Trade is that the cooperatives are an unfair burden on the farmers because some of the money goes to the cooperatives. What do you think?"

Tadesse responded: "Some people look at cooperatives as separate entities from members, no! It is for members to solve problems they cannot solve individually, so cooperatives are owned by members, it is a democratic organization where members can get in or go out of the cooperative and they can ask any question they want and this is all passed through votes democratically."

Another argument against Fair Trade is that it doesn't help enough farmers fast enough. While we agree, we don't think this is an argument against Fair Trade. This has to do with consumer demand and the behavior of conventional companies, not an inherent flaw with Fair Trade. Farmer organizations are seeking an equitable trade relationship. They want a business relationship with their trading partners. They want their products to be valued appropriately and to be autonomous in their decision-making. They deserve all of these things. Our focus is

on the farmers and working in solidarity with them and Fair Trade is one important way to do that.

The representative from the Adam Smith Institute in *Bitter Aftertaste* talks about how the Fair Trade movement hates Brazil because it uses fewer people and more machines to harvest coffee rather than more people and fewer machines - essentially that the Fair Trade movement is anti-mechanization and that economic self-sufficiency can only come through less reliance on workers. While economic self-sufficiency is important, the ASI argument implies that the only way to achieve economic growth is to replace people with machines; that development is on a pre-determined path only to come through a reduction in primary production.

That argument is underpinned by the equating of agriculture with being undeveloped, which undervalues the work of farmers everywhere. We need farmers all over the world, and we need to be able to support farmers who farm sustainably. Having opportunities for self-empowerment to end poverty and being a farmer are not the same things. All of the world's farmers should have the opportunity to cover the costs of production and earn a decent living - our own included. The Canadian National Farmers Union supports Fair Trade and is very much about solidarity with farmers around the world. The Adam Smith Institute makes "farmer" a bad word. We have broken global food systems that need to be made sustainable, and these issues need to be uncoupled.

Fair Trade certification is important, because it offers transparency. It's a system that should improve, and because of its auditing and monitoring process, it's a system that can improve. Tim Horton's Sustainable Coffee Program does not offer this in terms of transparency or scope. The company gains huge profits and supports relatively few individuals, using their program primarily for public relations purposes. They also maintain control on how that money will be spent, as opposed to giving it to democratically controlled farmer organizations in the global South. The intention and values of the company matter.

Finally, having labels or certifications does not absolve us as consumers of asking questions, reading labels, and demanding answers. As responsible consumers, we care about where our products come from, how they were made, and under what conditions. Those conditions matter. We should know whether our dollars are supporting socially just and environmental practices that contribute to sustainability and a better future for all of us. We need to ask these questions and educate ourselves as citizens and consumers.

### **For More Information**

If you are looking for additional resources and information on Fair Trade, I would recommend the following.

1. Fair Trade Research Institute: While most articles are supportive of Fair Trade, there is a broad range of mix of research articles on there that highlight some of the challenges with Fair Trade. Many articles document the narratives of farmers and

farming communities (allowing farmers to speak for themselves, which is a critical component of empowerment)

<http://www.fairtrade-institute.org/db/publications/index>.

2. The following document is a direct response to the Adam Smith Institute's argument against Fair Trade.

[http://www.brass.cf.ac.uk/uploads/TheFairTradeCupResponsetoAdamSmithD9\\_1.pdf](http://www.brass.cf.ac.uk/uploads/TheFairTradeCupResponsetoAdamSmithD9_1.pdf)

3. Fairtrade Labelling Organization (FLO) has all of its standards listed online

<http://www.fairtrade.net/standards.html>