

Fair Trade: Market-Driven Ethical Consumption. By Alex Nicholls and Charlotte Opal, London, Thousand Oaks, CA and New Delhi: Sage Publications, 2005, 277 pp., ISBN 1 4129 0105 7, \$40.95.

This comprehensive introductory survey of Fair Trade (meaning a relationship between ethical consumers and marginalized workers through international trade) makes an interesting contrast with Michael Barratt Brown's original definitive work (1993). This new book is strongest when it sticks to the facts, offering a well-written and rigorously researched account of the history and current practice of Fair Trade. It is not so convincing in its analysis of the nature of Fair Trade, but I can definitely recommend it, not only to the business school student at whom it is principally aimed, but also to the non-specialist who wants to go deeper than the material published by the advocates and practitioners of Fair Trade themselves.

The increasing engagement of Fair Trade with mainstream marketing over the twelve¹² year period is reflected in the contrast between this book and its predecessor. Barratt Brown's analysis was broadly Marxist: "The big companies pull the strings to create a puppet consumer and then lavish their blandishments on what they have created. What has come to be called 'consumerism' pervades the market" (1993:158). Nicholls and Opal claim that Fair Trade is a "consumer-driven ... neo-liberal solution to problems with trade" (p. 13). Barratt Brown's book, although inevitably dated in its description of the state of play, remains an important counterpoise to the perspective set out in this new book: both are very much of their time. I am quite sure that neither perspective captures fully the reality of Fair Trade.

The book falls into three parts. The first sets out the history of Fair Trade (Chapter 1) and a framework for its analysis in terms of economics and business ethics (Chapters 2–3). The second describes the current practice of Fair Trade as a

global business (Chapters 4–7). The third assesses the economic and social impact, and prospects, of Fair Trade (Chapters 8–10).

The empirical or descriptive sections are excellent—a wealth of careful observations clearly presented, with useful generalizations drawn and supported by specific evidence and case studies. There is a deliberate emphasis on the externally certified “Fairtrade labeled” products (coffee, tea, chocolate and bananas) that have made the biggest impact on the supermarket shelf, at the expense of an account of the organizations producing the less visible crafts and textiles, whose trading volume (at least through Fair Trade channels) is much less, but whose value added and social impact remain perhaps more important than the volume suggests. I found the factual account accurate, albeit selective, and consistent with my own knowledge of Fair Trade, gained from twenty years as practitioner and academic. That alone makes the book a valuable resource.

The analytical Chapters 2 and 3 are more contentious. Chapter 2 on the economics went to print before the latest research became available (Hayes 2006), and unnecessarily accepts the Adam Smith Institute’s claim that Fair Trade imposes a hidden cost by distorting the market (Lindsey 2004: 53–54). A large red herring appears, in the comparison of the efficiency, as a transfer of wealth, of giving £1 to Oxfam, with exchanging £1 for a jar of cafédirect (p. 52). “Fair Trade must be seen as a development project for transferring wealth from consumers to the developing world through market mechanisms” (p. 47)—the possibility of Fair Trade without a consumer price premium is not considered. Yet on this definition, perversely, Fair Trade must eventually become the victim of its own success (p. 255); Barratt Brown does not fall into this trap. Furthermore, this definition seems inconsistent with the emphasis in Chapter 7 (on marketing) that Fair Trade is “not about charity or aid [or]

cause-related marketing” (p. 153), which rightly suggests that Fair Trade is about creating wealth (partly through meeting the consumer’s ethical needs), rather than transferring it.

Chapter 3 attempts to set the ethics of Fair Trade in a wider context, both of philosophical ethics and of alternative mechanisms for achieving ethical goals in the social relations of production, including legal and voluntary codes. The impression given is that Fair Trade easily satisfies all major ethical criteria, consequentialist or otherwise. The criticisms (Lindsey 2004, Maseland and de Vaal 2002) that Fair Trade may have unintended consequences, for marginalized workers other than its targets, are not addressed. No mention is made of the concept of the virtuous institution, as opposed to individual, nor of the power of the institution either to reinforce or corrupt virtuous practices (Moore 2002). Perhaps because of this, and in line with the individualist perspective of the book, the significance of the often radical forms of ownership and governance of Fair Trade organizations, North and South, is seen mainly in instrumentalist terms, as intermediary forms necessary for overcoming market imperfections of asymmetric information and bargaining power, which will eventually be superseded by standard capitalism. Short shrift is given to the intense debates within the Fair Trade movement over the preservation of traditional ways of life, over democratic governance vs. external regulation and certification, or over the ethics of competition, incorporation and globalization itself. There is a strong suggestion that Fair Trade needs to get its act together (in whose interests?) and adopt a hierarchical structure (pp. 252–253), and that the sovereignty of its unruly grassroots organizations needs to be curtailed in the interests of further growth (of what?). Thus the book both overestimates and underestimates the ethical significance of Fair Trade, on different dimensions. Even in strictly business terms, the subtle processes and

essential continuity are under-played, through which the new waves of high-volume products have emerged out of a cumulative process of investment in organizational capacity by a decentralized collaborative network. I suggest that, although the relationship with ethical consumers is definitive of Fair Trade, it is only the tip of the iceberg. This is relevant in assessing the recent controversial decision to grant Nestlé a Fair Trade license for one of its products.

The application of social network theory to Fair Trade in Chapter 7 may attract business school students of marketing to the book, but it involves a jarring change in style, some repetition of points made earlier in the book, and is inaccessible to the non-specialist. Indeed all four analytical sections (including the rather dubious cost-benefit analysis included in Chapter 9) appear to be intended to provide entry points to the subject of Fair Trade from the disciplines of economics, business ethics, marketing and accounting: in itself, a good idea.

The overall perspective of the book reveals itself in the odd imbalance between the hyperbolic description of Fair Trade as “the most important market-based mechanism to improve the lives of producers in developing countries” and the expectation that “global sales will top £1bn. by 2007”—still a drop in the ocean (p. 5). There is some recognition of the importance of labor rights and standards, yet the overall impression (as the sub-title suggests) is that the hero of Fair Trade is the Western consumer exercising an ethical choice, rather than the Southern social entrepreneur and labor leader, battling against fierce odds to create and sustain organizations run for the benefit of the workers and their communities (although Charlotte Opal’s moving personal acknowledgement suggests otherwise).

The reader of this book will come away much better informed about the facts of Fair Trade, and at the very least, stimulated by the attempt to establish a

methodology for the assessment of the significance of this increasingly visible phenomenon. The self-styled neo-liberal perspective is probably an advantage in the present business school climate, provided that it does not lead to erroneous policy conclusions.

References

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