Recentring Fair Trade in the movement for a just, inclusive and regenerative economy

Amanda Kiessel

Amanda Kiessel is co-founder of Good Market, a curated community platform and marketplace commons for social enterprises, cooperatives, responsible businesses, civic organisations, and changemakers working to create a twenty-first-century economy that’s ‘good for people and good for the planet’. Before Good Market, she worked with local organisations in Asia on agroecology and sustainable food systems, organisational development and social enterprise. She did undergraduate research on change in natural ecosystems, masters research on change in social systems and a PhD that combined both. Amanda is an Ashoka Fellow and serves on the board of the Social Enterprise World Forum and Buy Social USA.

Abstract
From the 1970s to the 1990s, Fair Trade was at the front edge of an emerging new paradigm about the purpose of business and the meaning of economic success. The movement for a just, inclusive, and regenerative economy has continued to expand, but today’s young entrepreneurs and activists are more likely to enter through other communities like Buy Local campaigns, racial justice, worker ownership, platform co-operatives, B Corps, social enterprise, regenerative agriculture, zero waste or climate action. Social movements often happen in waves across multiple generations. As Fair Trade commodity certification has become increasingly mainstream, it can be seen as a first wave of the movement. It is a success that deserves to be celebrated, but on its own, it is difficult to sustain. The Fair Trade enterprise community has the potential to engage the next generation of mission-driven entrepreneurs and activists, speed up the next wave of the movement and lock in the success of the first.

Keywords: Fair Trade, diffusion of innovation, social movements, buy local, racial justice, social enterprise, B Corps, platform co-operatives, zero waste, climate action

Introduction
For decades, Fair Trade was at the front edge of an emerging new paradigm about the purpose of business and the meaning of economic success. If you came of age during the 1980s and 1990s, Fair Trade was often your entry point to a new way of understanding business and social change.

In school, I learned the old economic story that the purpose of business was to maximise profit and continuously grow. Any negative social or environmental consequences were ‘externalities’ to be addressed through regulation, taxation or philanthropy. If you cared about social or environmental issues, you joined the government or a nonprofit organisation.

My first introduction to Fair Trade was Equal Exchange, a worker-owned co-operative in the United States that connects smallholder farmers with consumers. It was also my first introduction to a new economic story: businesses can choose to prioritise people and the planet over profit maximisation. By the 1990s, they were demonstrating that it is possible to have a social and environmental mission and a self-sustaining financial model. In the words of Kate Raworth (2017), they were being distributive and regenerative by design.
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Fair Trade was appealing not only because it demonstrated a new way of doing business, but also because it had an explicit focus on institutional change and political action that went beyond conscious consumption. I saw a movement that was getting organic Fair Trade products into churches and universities, directly challenging US trade policies, mobilising in response to World Trade Organisation negotiations and passing local government resolutions.

The movement for a just, inclusive and regenerative economy has continued to grow, but when I talk to young entrepreneurs and activists today, it’s rare that their entry point is Fair Trade. Instead they talk about supporting the local economy, racial justice, social enterprises, B Corps, next-generation co-operatives, regenerative agriculture, zero waste and climate action. Fair Trade is seen as restricted to handicrafts, a narrow range of agricultural commodities and product certification.

Even the young people I meet that supply products from Southern farmers and artisans to Northern consumers do not necessarily identify as part of the Fair Trade movement. They associate Fair Trade with corporate supply chains and buying certified products from importers and distributors. They talk about being ‘direct trade’ or ‘beyond Fair Trade’ because they maintain direct and transparent relationships with their suppliers and pay more than the specified premiums.

Celebrate Success, Raise the Bar

It’s easier to understand these trends when we look at the Fair Trade movement as having multiple strands. Erinch Sahan (2019) refers to two systems of Fair Trade: third-party commodity certifications and enterprise models.

Commodity certification systems run by Fairtrade International, Fair Trade USA and others are available to businesses of all types including profit-maximising corporations. If they source a certain portion of raw materials, like coffee, cocoa or cotton, on Fair Trade terms, they are able to include a Fair Trade label on their products.

Enterprise models, which are verified through the World Fair Trade Organisation Guarantee System, are when the mission and principles of Fair Trade are embedded in the DNA of the business and are reflected not only in their supply chains, but also in their structure, governance, business model and all aspects of their operations.

Social movements often happen in waves across multiple generations. It takes time for new ideas and new behaviours to spread through society. Each successive wave shifts society closer to the big underlying idea of the movement. Until the ultimate goal is achieved and social norms change, there will be a sense of backsliding, and a need for continuous effort. For example, the wave of the civil rights movement in the 1950s and 1960s in the United States helped end segregation laws, but it didn’t achieve the ultimate goal of justice and equality for Black Americans. A new generation is now driving the next wave of the movement. We can celebrate the success of the past while continuing to raise the bar.

The big transformative idea of the Fair Trade movement is that business, trade and the economy can be distributive and regenerative by design. Fair Trade commodity certification is a wave of the movement. From a ‘diffusion of innovation’ perspective, it went beyond the innovators and early adopters to reach the majority (Rogers, 1962). Commodity certification has been adopted by large corporations, the labels are on the shelves of mainstream supermarkets, and the Fairtrade mark is the most globally recognised ethical label (GlobeScan, 2011, 2019). This visibility is the reason that the next generation of entrepreneurs and activists associate Fair Trade with corporations and certification of specific commodities. It is a success that deserves to be celebrated, but it is not the end game, and on its own, it is difficult to sustain.

If a company is structured so that it must always maximise profits to shareholders, investing in third-party certification, fair pay and sustainability will only be permitted if it is seen as contributing to profits. Over time, these companies may choose to cut costs by developing their own self-verification systems or shifting to other forms of certification with lower, easier to achieve standards (Subramanian, 2019: PA Wire, 2020). In this

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1 For a historical review of social movements, see Tilly, Castañeda, and Wood, 2019. For more on the dynamics of social change, see Centola, 2021.
2 Previous waves are covered in Nicholls and Opal, 2005.
context, the only way to continue to raise the bar is to change the social norms and rules around the purpose of business. The Fair Trade enterprise community has the opportunity to lead the next wave of the movement by recognising and welcoming a new generation of mission-driven entrepreneurs and activists.

**From Development to Systems Change**

The first wave of the Fair Trade movement was deeply influenced by the colonial period. The commodity certification systems were developed with a focus on producers in the Global South, in so-called third-world developing countries, and consumers in the Global North, in first-world developed countries.

The next wave requires a more nuanced understanding of the systemic challenges we face. Over the past thirty years, the inequality **between** countries has declined, but a globalised race to the bottom has concentrated wealth and power in the hands of a few and increased inequality **within** countries (Qureshi, 2016). In the Global North, people have seen factories close, families lose their farms and wages decline or stagnate for everyone but the rich. In the Global South, there is a new middle class that is aware of their privilege and looking for ways to give back. And in all parts of the world, we are becoming painfully aware of the environmental consequences of our economic system, particularly in relation to the climate crisis, plastic pollution and biodiversity loss.

We've moved beyond the narrative of ‘developed’ people in the North helping or empowering poor people in the South. Today, it's about all of us coming together to drive systemic change. We now see that the old economic story that the purpose of business is to maximise profit and continuously grow is just a story. These are social institutions that we humans created, and that means we humans have the power to change them.

While the next generation of entrepreneurs and activists may have entered this movement through other communities, it is still valuable to create stronger links with Fair Trade. Multi-generational movements have power. They are able to celebrate and learn from those that came before and build on their success. The founders of Fair Trade were Fair Trade enterprises with a social and environmental purpose and self-sustaining business model. They weren’t positioned as a neutral ‘third sector’ alternative. They were directly raising the bar for business and trade. They were demonstrating that a profit-maximising business model is a design choice and another way is possible. From the early days, they have integrated social justice and environmental protection and developed businesses that were both distributive and regenerative by design. Just as important, early Fair Trade enterprises combined conscious consumption, civic engagement and collective action. They mobilised citizen-consumers and fair trade networks to raise public awareness, change procurement policies, pass local resolutions and advocate for trade policy reforms.

While Fair Trade commodity certification has received more attention in recent years, Fair Trade enterprises continued to organise through the World Fair Trade Organisation and other local networks. WFTO members recognise and celebrate North–North and South–South trade, and because their Guarantee System assesses the entirety of a business, not just a specific supply chain or ingredient, it is open to all kinds of products and services.

Fair Trade enterprises are well-positioned to connect with other communities within the broader movement and expand their outreach to a new generation of mission-driven entrepreneurs and activists.

**Buy Local**

Buy Local campaigns have emerged out of concerns about globalisation, rising inequality and the environmental impact of international trade. A Buy Local Fair Trade campaign would help highlight local mission-driven enterprises that prioritise marginalised workers and suppliers and truly contribute to a resilient local economy. There are already many Fair Trade enterprises with a Buy Local focus, for example, Red Tomato supports small-scale farmers in the northeastern United States, Maggie’s Organics sells Fair Trade socks that are made in the USA, and Fair Trade enterprises in the Global South like Last Forest in India have developed their own local brand, retail outlets and supply channels.
Racial justice
There are active racial justice movements in both the Global North and the Global South that aim to create opportunity and wealth for historically marginalised Black, indigenous, minority and refugee communities, as well as people who have been persecuted because of their religion, ethnicity or caste. Campaigns to support Black owned businesses (or other businesses owned by historically marginalised groups) are a start, but there is potential for truly mission-driven minority founders to learn from the Fair Trade experience, develop enterprises that are distributive by design and be recognised as part of the Fair Trade enterprise movement.

Worker ownership and platform co-operatives
The rise of the ‘gig economy’ and freelance work has increased the vulnerability of workers in many parts of the world who are no longer eligible for employee benefits like paid leave, overtime, health care, unemployment insurance or bargaining rights. This is generating a new interest in worker ownership, platform co-operatives and exit to community models. New platforms and services that benefit marginalised workers and are distributive by design could be recognised as Fair Trade enterprises.

B Corps
B Corps certification recognises responsible businesses that consider the impact of their decisions on their workers, customers, suppliers, community and the environment. The Fair Trade movement can help recognise certified B Corps that prioritise purpose over profit maximisation, like Dr Bronner’s, and raise the bar for the B Corps community by encouraging others to lock in their mission.

Social enterprise
Social enterprises are purpose driven like Fair Trade enterprises, but their verification systems are not as robust as the WFTO Guarantee System, which increases the risk of socialwashing and greenwashing. Businesses that donate more than half of profits to charity or Buy One Give One programmes may present themselves as social enterprises even if they sell conventional products that are imported or produced through contract manufacturing with no clarity on how they impact workers, suppliers and the environment. The Fair Trade enterprise community can help raise the bar by introducing systems that verify supply chains and operations. They can also share experiences related to social procurement and sustainable sourcing.

Regenerative agriculture
The organic movement has faced similar dynamics as Fair Trade. In the public view, organic has been reduced to a focus on synthetic agrichemicals and third party certification. Large corporations are now selling organic certified products in major retailers like Walmart, and there are monoculture fields of industrial organic production. A new generation is working to raise the bar and restore the original emphasis on soil health, biodiversity and farm worker well-being through ‘beyond organic’ practices and a new regenerative organic certification. Fair Trade enterprise models can help organic producers lock in their purpose and avoid capture by profit-maximising investors.

Zero waste and climate action
Many young people are becoming conscious consumers and founding businesses out of concerns about pollution, biodiversity loss, the climate crisis and environmental justice. This opens opportunities to link them with Fair Trade enterprise suppliers and ensure new interventions are both distributive and regenerative by design. This includes sourcing of everything from bamboo toothbrushes to plant-based meat alternatives to solar panels.

WF TO has started this process. See Digital Lions and WFTO (2021).
Recentring Fair Trade

Recentring Fair Trade in the movement for a just, inclusive and regenerative economy means celebrating Fair Trade's radical origins in politically active Fair Trade enterprises, increasing the visibility of Fair Trade enterprises currently under the WFTO guarantee system and recognising a new generation of mission-driven enterprises as part of the Fair Trade movement regardless of their location or sector. Enterprises that focus on local economic resilience, racial justice, digital producer rights, new cooperative models and marginalised communities in both the Global South and Global North could be included under the WFTO Guarantee System.

Fair Trade enterprises can also help complement and bring together the work of other networks within the movement. For networks focused on regenerative agriculture, pollution, biodiversity loss, the climate crisis and environmental justice, Fair Trade enterprises can contribute experience on how to be distributive by design through employment and sourcing practices. For social enterprise networks that focus on mission primacy and use of profits, Fair Trade enterprises can share insights on developing products, operations and supply chains that prioritise people and the planet, and for responsible business networks that focus on operations, Fair Trade enterprises can share insights on mission primacy.

Systemic change is too big for any one individual, organisation or network. Focusing on a shared vision can make it easier to collaborate across traditional divides. If Fair Trade enterprises are bridging across networks, it helps focus attention on the underlying paradigm shift: businesses can choose to prioritise people and planet over profit maximisation. WFTO has already started forming alliances with other international networks in the movement. This same process can be replicated at the national, regional, local and personal level.4

Forming bridges between networks can support collective learning, new trade partnerships, civic action, and policy change. It can also accelerate systemic change (Centola, 2021). Research on innovation and social networks shows that when 10–25% of a population adopts a new idea or behaviour, it can trigger a tipping point and a rapid change in social norms and system level rules.5 Increasing the visibility of Fair Trade enterprises and forming bridges with existing networks can help speed up the next wave of the movement and lock in the success of the first.

References


