What Does it Mean To Do Fair Trade? Ontology, praxis, and the 'Fair for Life' certification system

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Abstract

The article discusses dynamics of interpretation concerned with what it means to do fair trade. Moving beyond the tendency to see heterogeneous practices as parallel interpretations of a separate concept – usually defined with reference to the statement by F.I.N.E – the paper seeks to provide an ontological account of the subject by drawing on theories of language, and John Searle's notion of "institutional facts". In seeking to establish the value of interpreting discourse and practice as mutually constitutive of the fair trade concept itself, the paper applies this alternative theoretical framework to both an historical account of fair trade movement and critical analysis of a new alternative certification programme: Fair for Life. Overall, analysis compliments political economy explanations for alternative fair trade approaches with a deeper theorisation of how such competition plays out in linguistic constructions and the wider understanding of the fair trade concept itself: a dynamic that, it is argued, will play a significant role in dictating the nature and therefore impact of fair trade governance, both now and in the future.

Introduction

One of the most prominent themes within the academic analysis of fair trade is the heterogeneous nature of practices associated with the term. This issue has been explored from the historical perspective (Gendron et al. 2009; Low and Davenport 2006) and much work addresses how the fair trade movement has been impacted by the development of third-party certification (Edward and Tallontire 2009; Renard 2005). Generally speaking, fair trade practices are considered to be classifiable into 'radical' and 'reformist' approaches: where the former aims to make fundamentally structural changes in the relationships between producers and the rest of the supply chain, and the latter is increasingly seen as a reforming tool through which northern commercial actors continue to further their own interests (Bacon 2010; Jaffee 2010). Other analysis categorises different supply chains with greater nuance (See for example: Raynolds and Ngcwangu 2010; Reed 2009), and for example, identifies different approaches adopted by commercial operators (Smith 2010). In almost all cases however, the most important operational differences are concluded to emerge from varying degrees of internal cultural commitment to the nature of fair trade[1]. Overall, one of the strongest narratives of the existing literature is that fair trade is being operationally weakened as reformist approaches are dominating the movement and putting pressure on the existence of Dedicated Fair Trade Organisations (DFTOs) (Raynolds et al. 2007). As a result of this, concern is expressed that the meaning of fair trade will be weakened or co-opted (For example see: Jaffee 2007, p. xv).

Despite the widespread narrative of de-radicalisation, discussion been little grounded in an explicit ontological account of the subject matter. At different times, the current literature refers in abstract terms to "the fair-trade concept" (Renard 2005, p. 420), "common fair trade principles and procedures" (Raynolds 2000, p. 301) or "basic Fair Trade principles" (Cabilo 2009, p. 151). However, attempting to establish or define these in any detail proves a significantly complex task, and generally results in incomplete or anachronistic accounts. It is probably for this reason that many academics (See for example: Jones et al. 2012; Moore et al. 2006) and also practitioners make reference to the "definition" offered by the so-called 'fair trade authorities' (See: Doherty et al. 2012) networked under the umbrella association F.I.N.E.[2], which seeks to explain fair trade as:

> "...a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South. Fair trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade" (FINE 2001, p. 1).

The F.I.N.E has provided some degree of homogeneity in terms of discourse and advocacy (Wilkinson 2007). However, the starting point of this paper is to question the relevancy of this statement as a fixed point of understanding, based on acceptance of the interpretation that "fair trade is a socially constructed notion that involves a set of interactions and negotiations" (Beji-Becheur et al. 2008, p. 44). Indeed, this ideational perspective suggests that as a "social kind" (Searle 1996), the meaning of 'fair trade' is an inter-subjective construction emerging from the interplay of both discursive constructions or empirical practices contributed by a myriad of stakeholders (defined here as any actor that makes an interpretation of the concept) (Author 2011; Beji-Becheur et al. 2008). From this perspective, the F.I.N.E definition can be viewed through the theoretical frame of Critical Discourse Analysis (Dijk 2005): as only one interpretation, which despite drawing on a variety of power resources for greater influence, remains a discursive component open to interpretation, negotiation and contestation within the norms of discourse and language construction[3]. Furthermore, the heterogeneous discourse and practices within fair trade are argued not simply to constitute different interpretations which can be evaluated as weaker or stronger against a defined standard, but as also exerting an influence on the fundamental meaning of the shared concept itself.

In order to theorise this interpretation further, the paper firstly develops a theoretical framework based on an ideational perspective. This account draws on literature concerned with the nature of concepts, their relationship to language, and in particular, the notion of "institutional facts" as outlined by John Searle (1996, 2005). Section two then applies this analytical perspective by employing a heuristic method to trace the development of the 'constitutive rules' that set the parameters of what fair trade is accepted to comprise in Europe and North America. Analysis draws on

existing secondary literature; documentary sources; and ongoing, qualitative and participatory research within the fair trade community. Here the article adds value to existing knowledge by complimenting political economy explanations of why rival systems of sustainability governance emerge (See for example: Smith and Fischlein 2010), with more in-depth theorisation of how they implicitly and explicitly contest the meaning of the term fair trade. In this way, analysis contributes towards a broader literature highlighting the inherent power dynamics of language, by drawing out key changes in the collective meaning of fair trade as an example. Furthermore, beginning with analysis of specific and historical alternations in fair trade's constitutive rules, it becomes possible to trace longer standing transitions. Examples of these are then highlighted in the final section of the paper, through a critical analysis of a certification system currently unconsidered by academics. Established in 2006, 'Fair for Life' (FfL) states that its approach "compliments existing fair trade certification systems" (Fair for Life No Date-c); arguably by continuing to open up legitimate fair trade operations to product categories and communities no previously associated with the concept. On the other hand, adopting an ideational perspective in the analysis of FfL's governance reveals that this new approach greatly extends the fair trade concept, and therefore, challenges the parameters of what many currently accept as the limits of legitimate fair trade operation.

"Of the Necessity of Commencing with an Analysis of Language"[4]: Fair trade as a 'social kind'

An important but little explored issue within the academic analysis of fair trade is an explicit *ontological* account of the subject. The perspective advanced here is grounded in the recognition that fair trade is a socially constructed, abstract notion or concept (Beji-Becheur et al. 2008, p. 44). Traditionally, concepts were viewed as providing categories that emerge out of shared characteristics (Mill 2008 [1886], pp. 186-187); although often 'concepts... are defined not positively, in terms of their content, but negatively by contrast with other items in the same system" (Saussure [1916] 1974, p. 117; [1916] 1983, p. 115) – and this is certainly relevant in the case of fair trade (as discussed below). In terms of the fundamental relationship between concepts and language, it is accepted that "signifiers" (images/words/sounds) are paired with

"signified" concepts through an "arbitrary" or "unmotivated" mechanism (which rejects the possibility of naturally arising connections between the empirical world and its representation in language) (Saussure [1916] 1983, p. 67). Instead, shared concepts are generated by the interplay between an individual's inductive empirical experience and their deductive interaction with social actors via the medium of language[5]. As a consequence, concepts are inter-subjectively constructed (Toulmin 1972, p. 35), although potentially in a multiplicity of ways depending on the "local conventions" (Gergen 1999, p. 15) and the interpretation(s) held by a given language community. Concepts are then "only facts by human agreement" (Searle 1996, p. 1) made possible through the existence of language.

One reason for the problems of definition in cases such as fair trade is that the construction of meaning is embedded with significant dynamics of power. Social science has increasingly recognised that the meaning signified by language is "fuzzy" (see Lakoff 1973), even in the case of 'concrete' objects such as cups and bowls (Labov 1973), and certainly in that of abstract and highly normative concepts such as 'revolution' and 'patriotism' (Ball et al. 1989)[6]. This is not to say that the meaning of a word can be developed arbitrarily, but where individual concepts have multiple dimensions, some can be emphasised while others are 'backgrounded' or disregarded entirely. In this way, noticeably different understandings and interpretations of the same signifier can be constructed, interpreted and reconstructed. This possibility then renders language a site of inherent contest and conflict (Boréus 1999, p. 8; Lakoff and Johnson 1980): and is a lived reality that academics recognise in the usual care they take to specifically define key terms for reporting and analysis. As an extension, it has also been identified that social actors often make proactive efforts to influence the understanding of other stakeholders in interpreting the meaning of shared signifiers. Indeed, W.B Gallie (1956) is celebrated for the identification of so-called "essentially contested concepts", and has subsequently inspired a continuing interest in this phenomenon through examples of highly normative subject matter such as sustainable development (Collier et al. 2006) and Corporate Social Responsibility (Okoye 2009).

The motivation for 'essential contestation', and the justification for the current paper, is grounded in the manifest relationship between language, politics and human action/behaviour. On this basis, analysis of conceptual dynamics can provide an

"extra edge of consciousness" (Williams 1976, p. 21) to understand political processes and ideological contests that have important implications for empirical practice (See for example: Farr 1989; Koselleck 1985, pp. 43-59). This is because in asking questions about the legitimate classification as fair trade, "what is at issue is whether or not a certain range of objects ought not to be treated as having a rather elevated status and significance" (Skinner 1989, p. 12). More specifically, these dynamics set the boundaries for what governance arrangements are required for legitimate classification as fair trade: and therefore to gain access to new markets on this basis.

Here John Searle's concept of an "institutional fact" is useful to understand the social process of such status classifications. In this perspective, "human beings have a capacity…to impose functions on objects where the object does not have the function, so to speak, intrinsically but only in virtue of the assignment of function" (Searle 2005, p. 7). Classic examples include money, private property, and positions of political leadership, but "in every case, the object or person acquires a function which can be performed only in virtue of the collective acceptance of the corresponding status" (Searle 2005, p. 8). Importantly, the identification of institutional facts requires the definition of certain "constitutive rules", which "not only regulate but rather constitute the very behaviour they regulate, because acting in accordance with a sufficient number of the rules is constitutive of the behaviour [or status] in question" (Searle 2005, p. 9). For this reason, practices are central to the construction of institutional facts: as, for example, the status of a military order is impossible to sustain without reinforcement through practice (Wittgenstein 1958, p. 345). In this way, conceptual interpretation is not just a mirror of the empirical world; empirical action is not simply the performance of ideas; but both discursive construction and practical action are mutually constitutive of one another (Farr 1989, pp. 32-33; MacIntyre 1973; Taylor 1985).

In this way, while alternative practices of fair trade compete for the attention of producers and consumers, they also contest the very conceptual definition (Skinner 1989, pp. 21-22), or more accurately, the constitutive rules that define it: for example in contrast to other constructed categories such as ethical trade (Smith and Barrientos 2005). These actions then set the parameters of legitimate fair trade operation as well

as its future adaption; as the next two sections illustrate through 1) a retrospective analysis of how the broad meaning of fair trade has developed and 2) a contemporary example of further significant challenges to the meaning of the concept.

The Constitutive Rules of Fair Trade: An historical analysis of development, contestation and negotiation

Activities usually described as the foundation of fair trade were often labelled as "alternative trade" (Gendron et al. 2009, p. 67; Low and Davenport 2006). While the motivations of involved organisations varied greatly, collective categorisation was based on the shared desire to create practices 'alternative' to the dominant means of governing international supply chains – and therefore, the example bears out the linguistic theory that definitions are often constructed not around shared characteristics, but more according to what something is not (above). Despite the possibility that this creates for mutual categorisation, it also allows significant heterogeneity within the category; and this was certainly the case in terms of practices adopted by the early fair trade movement (For example see: Gendron et al. 2009, pp. 64-65; Low and Davenport 2006). As a particularly prominent example, Anderson (2009) highlights that while OXFAM is often cited as one of the founders of the UK fair trade movement, their early activities were little about alternative models of trade, and more an new means of raising funds for their charitable work.

As time passed, political economy factors[7] joined the conceptual limitation of alternative trade: the category of which logically prevented associated practices from becoming a majority approach. Taken together, these factors motivated a discursive shift from alternative to fair trade (Low and Davenport 2005b), as well as significant efforts to formalise the constitutive rules that defined it – a process common to the development of institutional facts (Searle 2005, p. 10) – through the construction of the first fair trade third-party certification system. As has been well documented, certification was revolutionary as fair trade products no longer needed to be commercialised by DFTOs, but could also then be handled by a range of for-profit actors including supermarkets. However, adopting the above theoretical perspective provides deeper interpretation and understanding of this process by moving beyond the recognition that labels provide a shortcut signifier for wider and more complex

knowledge (Low and Davenport 2005a). Instead, these symbols can be theorised as institutional facts: where the physical nature of the certification mark takes on a separate socially constructed status (such as occurs with fiat money). Furthermore, as Searle notes, institutional facts often rely on other social conventions: for example where the socially constructed status of an elected official relies on the institution of an election. In the case of certification, the legitimate accreditation of a product requires the audit of activities: by an individual considered of appropriate status and against a set of constitutive rules derived from an appropriately legitimate process of development. Importantly then, the Max Havelaar system was based on, and therefore drew legitimacy from, the existing practices of alternative trade operations – specifically those of a Dutch organisation *SOS Wereldhandel* (Fair Trade Original no date). This approach was therefore, the first institutionalisation of fair trade with codified constitutive rules and required that coffee: was purchased *direct from cooperatives* for a *bottom line price of up to 10 percent higher than world market price*, where up to *60 percent pre-financing* had been extended and *long term relationships were being constructed* (Brown 1993, p. 162). This is not to suggest that those developing the Max Havelaar system were proactively attempting to define fair trade according to the certification requirements they developed; but only that codification in governance contributed to the inter-subjectively constructed meaning of the wider concept and therefore, the way in which other stakeholder would then understand it.

At this point, fair trade was emerging as defined against the binary of conventional trade (understood to be unfair), but also in reference to the requirements of the Max Havelaar system. Indeed, given the power of connecting the various institutional facts that third-party certification combined, the Max Havelaar model inspired the development of third-party fair trade certification by other National Labelling Initiatives (NLI) around the world (Nicholls and Opal 2005, p. 10; Reed 2009, p. 5; Rosenthal 2011, pp. 163-166). Although there was variety in the specific practices of these systems (Bowes 2011), the primary constitutive rule of definition was that: within supply chains linking poor producers in the developing world with consumers in more developed countries, governance should make a proactive attempt to increased benefit for the latter – especially compared to conventional practices and outcomes. Such a definition was in contrast to earlier practices of using trade to

generate funds for charitable purposes (a component of discourse that survives in the continuing mantra of the fair trade movement, Trade not Aid) and such initiatives that operated only at the domestic scale. Furthermore, many other associated constitutive rules of fair trade around the world mirrored those of the Max Havelaar system. For example, the Fairtrade Foundation in the UK codified a further set of requirements which defined fair trade as requiring (Brown 1993, p. 182):

- o Mutually agreed prices for each harvest cycle and not following the ups and downs of commodity exchanges
- o Direct purchases from producer groups
- o Commitment to order a certain guaranteed amount from one source, preferably over a number of years Guaranteed advance of payment agreed before purchase made
- o Information freely available on technical and marketing, in order to improve quality and delivery markets
- o Quality commitment to the quantities agreed and adhered to delivery times specified

Having said this, the inter-subjective nature of institutional facts, and therefore the construction of concepts such as fair trade, implies that these are always open to contestation and negotiation. As is well discussed in the existing literature, as the fair trade movement developed more firmly around the discourse of fair trade (in the 1990s), there have been significant negotiations over the practices that constitute it – and therefore the constitutive rules through which it is defined. Of particular prominence have been those changes associated with the unification of individual NLIs (in 1997) under what is now called Fairtrade International. This "higher stage of institutionalisation" (Renard 2005, p. 425) *initially* reconciled different standards into a unitary governance system. Although standards were set for the conditions of on-site production, fair trade has continued to define itself as primarily concerned with the conditions of trade – and is therefore contrasted with ethical trade schemes that exclusively govern on-site issues such labour standards (See: Smith and Barrientos 2005) – and initially required:

- o The payment of minimum prices – specified for each product type.
- o Attempts to form long term relationship with some commitment to purchase predicted amounts for some products.
- o 60% of payment to be paid upfront on request.
- o Social Premium paid for investment in business and community capabilities.
- o Quality standards specified and agreed between buyers and sellers.

This universal system of governance also amalgamated NLI under the brands and associated labels of *Fairtrade* (capitalised F, one word) in Europe and "Fair Trade Certified" (capitalised F & T, two words) in North America (Dolan and Blowfield 2010, p. 10; Raynolds 2000, p. 301; Rogers 2004)[8]. As part of this process, a significant move has been the legal registration of these trademarks and their associated logos. This reinforcement of inter-subjective understanding with the power of the state has removed the potential for other stakeholders to negotiate over the constitutive rules of these particular certification systems. The process has also been combined with the leveraging of promotional resources and the first mover advantage – for example, allowing the initial claim that Fairtrade International was the only "independent guarantee" in the European context to ensure a better deal for southern producers.

Again, this is not to suggest that actors consciously intended to solidify the generic concept of fair trade through the development of specific certification systems, although "clearly, this institutionalisation helps to clarify the goals of fair trade, establishing more effectively what is to be achieved" (Edward and Tallontire 2009, p. 826). Indeed, it is suggested here that the process has exerted a strong influence on interpretations of the wider concept of fair trade. Although it is not possible to draw on universally representative evidence, vignettes of this influence will be widely recognised by those with knowledge of the contemporary fair trade movement. For example, the critical investigation of groups involved in Fairtrade communities, such as Fairtrade Towns, Schools and Universities, are often found to be exclusively concerned with the consumption of Fairtrade certified goods (Mohan 2010); with only some evidence that groups with connections to other interpretations have been stimulated to think differently (Author 2011). This is understandable given the explicit reference to trademarked Fairtrade certification in the requirements of these accreditation schemes, and also the advice contained in associated documents to: "Remember the FAIRTRADE Mark is your only guarantee of independent certification", and to 'be wary of companies claiming to provide "Fair Trade" or "ethically traded" foods that do not carry the FAIRTRADE Mark" (origional capitalisation, Fairtrade Foundation No date).

Although, these systems might be understood to reflect only one interpretation of a wider concept, interaction with stakeholders highlights that they often directly associate fair trade in general with the constitutive rules of Fairtrade International. During participatory observation, a key decision-maker in the UK movement expressed discomfort with accepting a product as fair trade (two words), as it had not been traded under a framework which featured "Minimum Prices" (as they expressed that this was required by all Fairtrade certified goods, and therefore set a benchmark for judging fair trade status). Likewise, in government interpretations of "fair trade" (where the inability to favour one social certification system over another should ensure more open treatment), efforts to explain "fair trade" incorporate the specific requirements of Fairtrade International's standards (Author 2011). Finally, during fieldwork with African producers, it was identified that the title, and therefore meaning and composition of the national "Fair Trade Network", was a significant issue. Sentiments were expressed that producers working with other fair trade accreditations (discussed below) were "not real fair trade" and "should not join" the fair trade group (Author 2011).

These vignettes open up two important areas of discussion for this paper. Firstly, it is important to highlight that Fairtrade Internationals standards have themselves shifted over time: the most prominent of which has been the growing corporate involvement with fair trade. As noted above, one of the primary constitutive rules for defining alternative trade was the separation from corporately administered supply chains, and the Fairtrade Foundation initially aimed to "provide the certification mark to small and medium organisations with a particular interest in the developing world" (Davies 2007, p. 465). However, the volume of potential sales offered by large commercial players led to a revision of these commitments, and the Foundation subsequently encouraged the involvement of large brands who were initially "reluctant to support fair trade activities" (Tallontire 2007, p. 39); and now licenses its mark to Starbucks and Nestle (Davies 2007, p. 465). At the other side of the supply chain, although fair trade was initially exclusively concerned with small farmers, the inclusion of Hired Labour production has significantly widened the constitutive rules that set the parameters for legitimate fair trade activity. Likewise, experimentation with the certification of manufactured sports balls has extended coverage of craft production into a new area of legitimate operation. In addition, in 2008 Fairtrade International's

Standards Unit suspended the requirement for traceability and pre-financing in a number of commodity areas (Doherty et al. 2012, p. 7), and even the universal setting of minimum prices has been eroded: for example in the case of gold (Fairtrade International 2010), herbs (Fairtrade International 2012a) and timber (Fairtrade International 2012d) under Small Farmers' standards, and flowers and plants (Fairtrade International 2009a), fresh fruit and dried fruit (Fairtrade International 2012b, 2012c), herbs (Fairtrade International 2012a), and sports balls (Fairtrade International 2009b) under Hired Labour conditions. As a result, efforts to understand the broad concept of fair trade via the requirement for a minimum prices is clearly no longer coherent, and while this offered a central element of understanding in the past, this can no longer be emphasised.

A second issue highlighted from the vignettes cited above, is that despite the dominance of Fairtrade International, other organisations have maintained practices that promote alternative constitutive rules to the inter-subjective construction of the broader fair trade concept: and furthermore, in some cases, have done so in a way that has actively resisted the strong association of fair trade with the Fairtrade International approach. Some DFTOs such as OXFAM have projected themselves as performing the "*proper* function of fair trade" (Mayoux and Williams 2001, p. 4 my empahsis) in terms of facilitating the graduation of producers out of fair trade markets into relationships with non-fair trade buyers – something not part of the Fairtrade model. Other such organisations are constructed in wider discourse as maintaining a "gold standard" (Brown 2007, p. 272) or a fair trade plus approach (Murray 2011, p. 207) that goes beyond Fairtrade certification (Raynolds 2009, p. 1087; Renard and Perez-Grovas 2007, p. 152). While this does not necessarily challenge the legitimacy of Fairtrade certification as a valid part of the wider movement, agitation for Fairtrade International to bring their standards into line with alternative practices does imply an attempt to shift the parameters. For example, Twin Trading's co-founder, Robin Murray, proclaimed that the "Fairtrade Foundation should push all companies who take on the logo – including giants like Nestlé – to hand over company shares to farmers" (Giotis 2011). Although other stakeholders see this as the role of 'gold standard operations', Murray rejects this, and instead argues that "there should be a culture of constant improvement within fair trade" as part of its very nature (Giotis 2011). Even more overt efforts to reinforce alternative constitutive rules that define

fair trade activity can be identified in the discourse of Equal Exchange in the USA (another DFTO) and CLAC (an associate member of Fairtrade International representing the interests of Latin American producers), where it is asserted that genuine fair trade goods should only ever come from cooperative based small farmer production (Renard and Perez-Grovas 2007)[9]. In these examples, stakeholders are usually only seen to reject the direction of a particular certification system. However, by framing their objections through appeal to what fair trade at the general level *should* be about, stakeholders implicitly contest the constitutive rules that they perceive as required for the definition of fair trade activity.

In the same way, another organisation that has persistently and overtly challenged the way that Fairtrade International has interpreted the fair trade concept is the World Fair Trade Organisation (WFTO). Since its development as a networking and capacity building organisation, the WFTO has also developed formal monitoring and accreditation functions against Ten Fair Trade Principles (WFTO 2009):

1. Creating Opportunities for Economically Disadvantaged Producers
2. Transparency and Accountability
3. Trading Practices
4. Payment of a Fair Price
5. Child Labour and Forced Labour
6. Non Discrimination, Gender Equity and Freedom of Association
7. Working Conditions
8. Capacity Building
9. Promotion of fair trade
10. Environment

Here it is notable that many of the requirements differ significantly from those developed by Fairtrade International. For example, due to the initial aim to provide accreditation for non-commodity goods such as craft products, the WFTO has only required the recognition of minimum prices where Fairtrade International has made them available; and for the remainder required the payment of 'fair prices' reached through transparent negotiation. The key to the legitimacy of this perspective has been that although Fairtrade International certifies individual product lines commercialised by any organisation, the WFTO has primarily only accredited whole organisations *dedicated* to fair trade activity. It is for this reason that the WFTO has proactively contested the constitutive rules of fair trade by specifically stating that it represents

"100% authentic fair trade..." (WFTO 2011), therefore undermining the claims of others to be practicing the generic concept.

In summary, this section has sought to compliment political economy analysis of competitive dynamics between parallel fair trade practices by theorising the means through which competition is played out in efforts to contest the primary meaning of the fair trade concept. As discussed previously, this is important because the constitutive rules of fair trade set the boundaries of legitimate activities to which the status function of fair trade can be assigned. Indeed, the dynamics and transformations discussed above have arguably contributed to further extending practices in a way that many stakeholders would question with reference to the legitimacy of their association with fair trade. One example has been the extension of Hired Labour Standards to further product categories by Fair Trade USA: the controversy of which has precipitated the exit of the organisation from the International Fairtrade system. A much less well known example however, not currently discussed in any academic literature, has been the entry of an entirely new certification system – and it is the analysis of this development to which the article now turns.

Fair for Life Certification: A contemporary example of contesting the constitutive rules of fair trade

In 2006, a new third party certification programme, "Fair for Life" (FfL), emerged from a partnership between Marketecology (IMO) and the Swiss Bio-Foundation (a non-profit foundation that aims to promote sustainable agriculture production systems and eco-friendly consumerism). Although this is far from the only new certification system to appear in recent years, in contrast to others such as Rainforest Alliance which have not directly associated themselves with 'fair trade' (Jaffee and Howard 2009, p. 8), FfL have overtly drawn this connection: and therefore, attempted to validate their activities through a form of 'category entitlement'. FfL offers both organisational and product accreditation under two separate schemes. The first is labelled as 'For Life – Social Responsibility Certification' and is exclusively concerned with the social and environmental conditions of production. This certification is available as an organisational accreditation (meaning that products will

not be certified) or a product certification if raw materials have come from socially responsible sources. However, the second option offered by FfL is 'Social and FairTrade Certification' and therefore makes a clear effort to associate with the concept of fair trade as it is understood by other stakeholders. Here the subtle contraction of part of its name to FairTrade (capital F & T, one word) establishes discursive connections but without seemingly violating trademark licences held by Fairtrade International or Fair Trade USA. On this basis the approach has already been absorbed into discourse concerned with fair trade: for example construction by the Fair Trade Resource Network – where FfL appears in the 'The Only Monthly Digest of News About All Major Fair Trade Certifications and Recognitions' (FTRN 2012) – and stakeholders such as the Whole Foods Market (Whole Foods Market 2012). As a result of this association, if FfL practices are accepted as legitimate, they could significantly influence the wider understanding of what it means to do fair trade.

In some respects, such influence on the collective understanding of the fair trade concept could be viewed in a whole positive light. According to FfL, their new certification aims to circumvent the limited availability of existing fair trade accreditations; and this therefore continues to challenge the constitutive rules of fair trade that have in the past limited legitimate association with specific product categories and producer communities. In terms of product scope, FfL broadens the association of fair trade by certifying *any* agricultural, apiculture (beekeeping) and aquaculture products. While the first two categories can be interpreted to extend existing trends in association, the universal specification of aquaculture products is arguably a more clear departure from the traditional limitations of the fair trade concept. However, an arguably more significant difference between this certification and other fair trade systems is that while it is primarily intended for use in the developing world, FfL can also be applied to operations in more developed countries, where there is a clear focus on improving the lives of marginalised workers and their communities (Bio Foundation 2011, pp. 5-6). In this sense, the system fundamentally challenges the existing constitutive rules of the fair trade concept that have very specifically limited association to the support of developing world producers – although others have previously made more universal discursive associations (See for example the framing used by Jaffee et al. 2004).

Also of fundamental issue is that FfL has followed Fairtrade International in shifting towards the position that fair trade status should require multiple nodes in the supply chain to meet specified requirements – and therefore fair trade as a supply chain process. This is because as well as standards for producer organisations (either working with hired workers or their own labour, set up independently or by a processor or trader), FfL also offers certification for handling operations. Indeed, in order for a product to obtain certification, the initial producer organisation, initial buyers and perhaps most significantly, the company that owns the product brand, must all be FfL audited. However, in stopping at brand owners and not retailers, FfL certification has not followed the efforts of the Comercio Justo label developed in Mexico (Smith and VanderHoff 2012) to also regulate retailers: and therefore the very organisations that many see as responsible for creating a need for the fair trade concept in the first instance (Barrientos and Dolan 2007, p. 18).

Another important area where FfL considerably challenges the existing constitutive rules of fair trade is in offering two types of product certification. The first is applicable to products 'entirely or predominantly consisting' of FairTrade or Social Responsibility certified products; and the second is available only for those containing a 'substantial' amount of certified ingredients. While these qualitative categories are not defined, it might be expected that consumers will have little basis on which to differentiate between the two options, and therefore this move raises the possibility that fair trade products will no longer require 100% fair trade ingredients: either because they come from an organisation dedicated to such practices (as established by the WFTO), or all ingredients potentially certifiable are thus accredited (as allowed under Fairtrade International's composite product standards).

In terms of more specific requirements expected of producers, FfL has followed the expectations of the WFTO and Fairtrade International (Davenport and Low 2012; Fairtrade International 2011a, 2011b), as well as the practices of many DFTOs (for the example of OXFAM see: Mayoux and Williams 2001), that fair trade should be about constant improvement. This is because the FfL programme breaks down requirements into a number of chapters with a range of individual control points in each. Following the auditing process, organisations are returned a score for each

control point along the scale of zero to four – signifying very poor through to exceptionally high performance – with some criteria stated as a "Must" (Fair for Life No Date-a). In order for an organisation to initially achieve certification, 90 per cent of 'MUST-criteria' should be satisfied in the first year (95 per cent in the second and 100 per cent by the third year) at a minimum of grade two on the scale of compliance, and per chapter of the certification. If any area of performance is rated as zero, it must be improved by the next audit. For this reason, FfL believes the certification

"…allows companies to set within clear limits their own priorities to e.g. be really outstanding in some aspects while only doing rather the minimum in others, as most meaningful in their specific local situation. At the same time the system creates an incentive for companies to go beyond the norm and further improve their performance every year" (Fair for Life No Date-a).

In terms of the FairTrade product certification requirements stipulated by FfL, eventual certification requires the payment of fair prices and also a FfL Development Premium (FfLDP) to the producer group. Pertinently, the FfL approach reinforces recent trends within the Fairtrade International system to move away from the specification of minimum price. Instead, the producer organisation and the buyer negotiate a FfL Sales Floor Price, below which subsequently negotiated prices are not allowed to fall. A separate "FfL Sales Price" is then negotiated for each contract. Having said this, under the FfL system, FairTrade certification will also require a Farm Gate Floor Price negotiated between the producer group and its members: with individual purchases emerging from their own negotiations. In this sense, FfL reinforces the position of the WFTO to actively facilitate the payment of fair prices to individual producers – as well as to the organisation of which they are a part – although significantly, it does not require that northern buyers engaged in the negotiation process have the welfare of southern producer partners as a primary aim (as is required by the WFTO).

In terms of the price levels, these are expected to be 'slightly above local market rates for non-FairTrade products of similar quality' (Bio Foundation 2011, p. 19); although a specific condition of the FfL scheme is that the price decided between buyer and seller should include the specific costs required for the producer to comply with the

FairTrade certification (and therefore higher prices might not lead to improved material life styles for individual producers). In addition, prices and premiums will be assessed for fairness by IMO and the process is expected to be transparent – which is the position adopted by the WFTO in its price setting requirements[10]. This dynamic mechanism helps distance fair trade from the problems associated with (the politics) of central price setting (Bacon 2010).

In terms of directing the use of the FfLDP, it is noted that a FairTrade policy should be decided by an assembly of producers, workers or a Premium Fund Committee and will define the beneficiaries and confirm the social commitments of the producer organisation (Bio Foundation 2011, p. 15). Unlike Fairtrade International standards, which require the use of Social Premium funds to be isolated from influence by management in the case of hired labour, the FfL scheme allows up to half of the committee to be made up from representatives of management, external experts and even buyers (Bio Foundation 2011, p. 15). The only limitation on the use of the FfLDP is that it supports 'sustainable social or environmental community projects or social projects for the workers and their families' (Bio Foundation 2011, p. 15). These funds will be administered separately and require two signatories to prevent misuse.

Although up front credit has been dropped from the model operated by Fairtrade International as part of encouraging stable and long term relationship, FfL reinforces this constitutive rule of fair trade operation: as buyers are required to provide smallholder producers with a 50% credit payment where requested (Bio Foundation 2011, p. 20). In addition, FfL requires buyers to submit a FairTrade sourcing policy and to develop of partnership framework or Memorandum of Understanding with producer partners: and this inclusion counters trends elsewhere towards the backgrounding of long term relationships as a significant constitutive rule of the fair trade concept (Doherty et al. 2012).

Another area in which existing constitutive rules of fair trade are seemingly reinforced is through FfL requirement that processing or buying organisations do not maximise their profit at the expense of producers by maintaining similar margins vis-à-vis their non-FairTrade lines. This approach then supports innovations by Comercio Just in Mexico (see Smith and VanderHoff 2012). The WFTO position on capacity building

is also supported as FfL expects that buyers and processors provide direct support for producers in terms of production, management and marketing. Such a requirement could be of exceptional value in developing the capacity of producer organisations. Indeed, alongside the transfer of maximum financial returns to the developing world, this is arguably the primary requirement for supply chain governance aiming to facilitate significant structural changes (Smith 2009). However, as with WFTO accreditation, no specific requirements are set or suggested, and how such an expectation is evaluated will be strongly mediated by individual interpretation. A further limitation of this principle might again reflect voluntary investment by buyers working with Fairtrade certification, as generally, support has been concentrated in areas primarily of advantage of buyers; and not those of genuine development needs identified by producers (Macdonald 2007; Tallontire 2009, p. 1009).

A final area in which FfL reinforces more longstanding constitutive rules on the status of fair trade, is by mandating that intermediaries are involved in the wider fair trade movement, by providing honest information to customers about products, producers and impact (Bio Foundation 2011, p. 21) – although the actual expectations here are not described. As part of this reconnection, companies certified by FfL are also listed on the organisation's website, and stakeholders can obtain information about the location, the products offered and contact details for the company (Fair for Life No Date-b). The website also displays a breakdown of the most recent audits and how the company faired in each category of requirements; including a short prose summary of the Social Impact & Special Achievements and how the FairTrade Premium is being spent. However, although this information has not been systematically analysed, random sampling suggests that descriptions are vague and abstract: for example, in one case it was stated only that: "The FairTrade Development Premium is administered in a separate fund, which is under the control of a Premium fund committee, which is called 'Joint Body', elected representatives from [the company] and all associated farms".

Conclusion

Existing academic work has implicitly recognised that due to the dominance of more reformist approaches to fair trade, the meaning of this concept is in danger of being weakened over time. However, this position has not been complimented with an explicit ontological account of the subject matter or a detailed theorisation of how this process might occur. In response to this shortfall the current paper has suggested that as a 'social kind', the concept of fair trade can only ever be generated by the interplay of mutually constructing and interpreting discourse and practice: a perspective that reduces definitions such as that offered by FINE to one among many voices seeking influence over collective and individual subjective understanding. More specifically, fair trade was argued to be interpretable as an 'institutional fact': a particular form of social fact in which inter-subjective agreement allows for the assignment of special status then commanding certain behaviour. Given the variability of interpretation within different language communities, this is not to say that fair trade goods will be accepted as such by everyone (as individuals might reject the legitimacy of such status for many reasons). Indeed, by adopting this perspective it is possible to highlight the mechanism through which the very meaning of the fair trade concept is negotiated and often actively contested over time.

In order to advance this perspective, the article reinterpreted fair trade in a 'conceptual history' where the dynamics around its constitutive rules have been reconstructed: from secondary literature, primary documents and the authors various, often participatory, research undertakings. Here it has been argued that since the shift in discourse from alterative to fair trade, there have been a number of events and institutions that have significantly influenced fair trade's constitutive rules. A significant event was the advent of third-party fair trade certification which, itself a web of institutional facts formed of separate sets of constitutive rules, has codified certain constructions of fair trade practice. Although these have not been proactive attempts to codify the wider meaning of fair trade, they have significantly influenced the understanding of stakeholders. Of particular prominence has been the Fairtrade International system, the certification requirements of which have often been conflated with the wider status category: for example leading stakeholders, and even government accounts, to expect all fair trade to involve the setting of minimum prices.

The prominence of Fairtrade has had two notable effects. The first is that other stakeholders have negotiated, and sought to contest, the way this system has influenced the general category of fair trade. DFTOs for example have continued what many analysts construct as more radical approaches, and some have made specific efforts to promote their practices as more legitimate constructions of the concept. For example, the WFTO which represents mission driven actors has moved to make the specific claim that their membership represents the home of "100% authentic fair trade". The second impact of the Fairtrade system is that it has contributed to the stretching of the fair trade concept to situations and products to which legitimate fair trade status did not previously exist. Significant issues here are the inclusion of profit driven and maximising stakeholders, plantation production and manufactured products. As a culmination it was argued, the expansion of the constitutive rules of fair trade has allowed further stretching by other stakeholders.

Although the exit of Fair Trade USA on a new trajectory of mainstreaming is one example of this, the article has explored the dynamic generated by the entry of "Fair for Life" as a self-constructed category member of the fair trade community. Through analysis of this new certification system, it has been highlighted that the organisation is again negotiating the meaning of fair trade by reinforcing and further expanding the constitutive rules of the category. For example, "Social and FairTrade certification" is applicable to northern producers and no longer requires that commodity products are composed of 100% fair trade contents. In other areas, the system backs its discursive association with fair trade by requiring fair prices – broken down into negotiated minimum and above local market levels – and the additional payment of social premiums. In some cases FfL also supports more radical interpretations of what fair trade should constitute: for example in requirements that capable supply chain actors provide direct up-stream capacity building and downstream information about producer situations. On the other hand, the lack of specifics surrounding these requirements makes it unclear how they will be operationalised by stakeholders and suggests that the system might well continue the cooption of fair trade by commercial interests.

As a result of these areas of ambiguity, only time and further empirical research will reveal the impact of FfL on the wider interpretation of the fair trade concept. Indeed,

the inter-subjective nature of social kinds implies that many variables dictate their nature: not least the legitimacy with which actors making contribution to such dynamics are viewed by other stakeholders. As a consequence, it is agreed that ultimately consumers and grass roots communities, such as the Fairtrade Towns scheme, will have a significant opportunity to accept or reject this latest move to shift the constitutive rules of the fair trade concept (Bacon 2010).

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[1] It should be noted that the normative elements of existing analysis remain more based on extrapolations and assumption, rather than rigorously representative and comparative empirical investigation (Bezençon 2011; Laine and Laine 2009, p. 275).

[2] FINE is composed of the four biggest European fair trade organisations: Fairtrade International, International Fair Trade Association (IFAT) World Fair Trade Organisation (WFTO), the Network of European World Shops (NEWS) and European Fair Trade Association (EFTA).

[3] It has been noted by Reed that the F.I.N.E definition itself has been reworded due to disagreement over its content (Reed 2009).

[4] The title is a direct quote of that used by J. S Mill (2008 [1886], p. 187).

[5] For a fuller discussion see Farr (1989, pp. 27, f.n. 22).

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[6] It should be noted that the argument presented adopts a 'critical realist' perspective as it simultaneously recognises the existence of an 'epistemically objective' external reality (brute facts) as well as 'social kinds' and the 'epistemically subjective' mental landscapes that surround them (1996, pp. 7-9).

[7] For an explanation see LeClair (2002) and Low and Davenport (2006, p. 319).

[8] It should be noted that synthesis within Europe has not been entirely complete as some countries still employ the Max Havelaar brand identify.

[9] Also see letter written by CLAC as published by the Co-Operative News (2012).

[10] In reality it is anticipate that outcomes from this process of arbitration will likely depend on the relationship between the third-party certifier and the other stakeholders involved; and further that these are less likely to benefit southern producers given the power likely to be exerted by northern stakeholders as seen under the Fairtrade International system (Bacon 2010).