



**THE
FAIR
TRADE
REVOLUTION**

EDITED BY
JOHN BOWES
FOREWORD BY
MARY ROBINSON

THE FAIR TRADE REVOLUTION

'This book provides an insightful and important analysis of the development of the Fair Trade movement worldwide, built around the experiences and perspectives of several of the key individuals who led the way.'

MARY ROBINSON

President, Realizing Rights; The Ethical Globalization Initiative, and former President of Ireland (1990-97) and UN High Commissioner for Human Rights (1997-2002).
From the Foreword.

'Fair Trade has brought considerable benefits to millions of the poor, but is still in its infancy. This highly readable account will help Fair Trade to grow and for the benefits to spread to millions more.'

JOHN MADELEY

co-author *50 Reasons to Buy Fair Trade* (Pluto Press, 2007)

Fair Trade has come a long way in the last 20 years. *The Fair Trade Revolution* celebrates the movement's achievement and takes up the challenge of improving more lives through fair dealing with producers.

Fair Trade is now mainstream, with large companies like Cadbury and supermarkets such as Sainsbury's producing and stocking many Fairtrade certified products. The authors of this collection, many of whom were responsible for the initial success of Fair Trade, emphasise the importance of ensuring that farmers and other producers remain the main beneficiaries. Punchy chapters, illustrated with many real-world examples, cover all the important issues including the tensions between large and small operators, the impact of recession, environmental policy and the danger of large operators embracing Fair Trade more in word than in practice.

Written by the leading lights of the Fair Trade movement including Harriet Lamb (Executive Director of the Fairtrade Foundation) and Bruce Crowther (who established the world's first Fairtrade Town) this book

will inspire activists and consumers to keep making the right choices.



Fairtrade provides a better deal for producers in developing countries

JOHN BOWES is chairman of Twin, a producer-owned membership organisation dedicated to developing the Fair Trade supply chain for coffee, nuts, cocoa, sugar and fruit farmers. Bowes previously worked for the Co-operative Group, where he was responsible for all of their ground-breaking initiatives on Fair Trade. These included being the first retailer to stock Café Direct coffee, the first to introduce an own brand Fairtrade product and the first to import Fairtrade bananas into the UK.

ECONOMICS

Cover design: Nick Shah

ISBN 978-0-7453-3078-5



9 780745 330785



Pluto Press

www.plutobooks.com

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Raising the Bar or Directing the Flood

Robin Murray

FROM ECONOMIC EXPERIMENT TO SOCIAL MOVEMENT

There is scarcely a corner of Britain which does not have an active presence in fair trade. In Keswick there are regular morning breakfasts of fair traders. On the borders you find fair trade goods in outby farmhouses. Co-op delivery wagons travel the motorways with 'Fairtrade' emblazoned in great letters on their sides. Schools, universities, and local government offices have become promoters of fair trade. In Lewisham borough council, the staff canteen has become a fair trade canteen, with pictures of farmers and their statements covering the walls. In less than a decade fair trade has changed from a practical experiment into a social movement.

What explains this extraordinary phenomenon, and how can this dynamic be sustained? In part it reflects a new kind of politics, one in which people are looking for ways to change things in practice and not merely express their views through conventional political channels. It represents a new social pragmatism. We know and engage with the world through

small actions, but which have meaning because they are part of a much larger whole.

Just as the women's movement, in declaring that the personal is political, started the change in the household and everyday relationships, and in doing so created a new culture and social ethic, so fair trade is creating an ethic about how trade should be conducted, and providing a means for citizens in the northern hemisphere to relate tangibly to those marginalised by the world economy.

Initially it was seen as a micro economic project, a way of paying small farmers a better price for their product. It was a modest means of redistribution from the global north to the south. But with the growth of Fairtrade towns, of Fairtrade schools and universities, it has become a movement with wider claims. For some, like Britain's pioneer Fairtrade town, Garstang in Lancashire, it is nothing less than a movement to end the 'second slavery' that an unequally structured global market imposes on the poor.

The Quakers whose networks underpinned the campaign against the 'first slavery' led a boycott of sugar to strike at the economic interests of the slave trade. Fair trade has inverted this, replacing boycotts with buycotts. In a world now saturated by the media it has highlighted the negative by promoting the positive. In an economy of attention, a kitemark can be as potent as a strike.

The early fair trade companies and those running stalls after church or in village markets found their message amplified in the media, and further widened by the promotion of the initial fairly traded products. Consumer awareness of fair trade grew remarkably, those commercial companies closest to the consumer – supermarkets and coffee shops – were the first to seek the 'halo effect' of stocking fair trade goods,

and their displays further widened awareness. Now even the mainstream brands are converting one or two of their products to Fairtrade, or in the case of the sugar giant Tate & Lyle, all their cane sugar. Sugar has re-entered the story, this time not in the shadow but in the light.

MARK TO MARKET

An expanded economy is also a more complex one. The pioneer brands – Cafédirect, Divine, Agrofair, Equal Exchange, Traidcraft and Liberation – surfed the wave of expansion. But in the past five years they have faced the challenge of all first movers. Competitors began to try to copy them, adopting the FAIRTRADE Mark, and seeking out supplies from approved producers. The supermarkets developed their ‘own brand’ Fairtrade lines. Now high street names like Cadbury, Nestlé and Starbucks are promoting fair trade in ways which mimic the pioneers. The song of the nightingale is getting lost in the noise of the dawn chorus.

The very success of fair trade now threatens these firms and their model of fair trade. They have always sought to operate a ‘fair trade plus’ model, that goes well beyond FLO’s *Fairtrade* standards. They have all taken on a large measure of the risks of trade rather than pushing them back down to the primary producers. They have strengthened the position of primary producers in the supply chain, supporting them in developing their own warehousing and exporting capacity so that they can sidestep the previously powerful local merchants. Producers are joint owners of many of the fair trade companies in the north, participating in their governance, and taking a share of the profits. For them, fair

trade – in the spirit of Garstang – has been a question of power and capacity as well as price. These Fairtrade companies now find themselves undercut by fair trade products that do not carry the costs of producer support, of participatory governance and the redistribution of risk.

The FAIRTRADE Mark faces similar pressures. It has been at the heart of the expansion of fair trade in the past decade. But it has its own competitors. Manufacturers and retailers who were unwilling to pay the price guarantees and credit conditions of the FAIRTRADE Mark, have supported a growing number of alternative marks – notably Rainforest Alliance and Utz Certified – or promoted their own ethical schemes. In Britain the vitality of the Fairtrade Foundation has meant that the FAIRTRADE Mark still predominates. But on the continent there are many countries where its sister labels now take second place to those which have lowered their standards to extend their coverage. Even in Britain potential new adopters of the mark press the Foundation to soften its standards. A kind of Gresham's Law threatens the economy of marks. There is always pressure for the bad marks to drive out the good.

In such a situation, the first task is maintaining the bar as the basis for raising and widening it.

THE RETAILERS

A key role in the future of fair trade is played by the retailers. There are two courses they can adopt. On the one hand they can play a conventional market role. They can treat Fairtrade products like any others, requiring key money to get on the shelves, and taking on the burden of high retailer margins to

keep their place on them. They can encourage their buyers to source fair trade goods from anyone who conforms (or claims to conform) to the Fairtrade standards, treating its supply chains at arm's length without contracts or commitments. This approach will strengthen the downward pressure on standards and the mark. It will also maintain the current main anomaly of the fair trade supply chain, where retailers have margins of 35–60 per cent, dwarfing the proportion paid to the farmers.

The other course is to enter into developmental partnerships with producers and their associated companies in the north, using a retailer's pivotal position between consumers and producers to connect the two, to strengthen the supply chain by technical assistance, and ensure that there is a fair distribution of margins between producers and retailers.

One example of such collaboration is the Food Retail Industry Challenge Fund (FRICH) programme financed by the UK's Department for International Development. The programme part funds partnerships between producers, importers and retailers that develop primary producer capacity in Africa.¹ Such guaranteed access – once adequate quality and cost levels have been reached – provides some insulation from the normal day to day pressure on the retail buyers to drive down costs and maximise turnover.

Sainsbury's have shown their commitment to this second course by their decision to source all their bananas from Fairtrade sources. They have worked closely with the Windward Islands producers, providing a secure market (via a three year contract) in the face of low cost plantation competition from the three main banana multinationals in Latin America. They followed this up by Fairtrade sourcing 100 per cent of other own label products – cane sugar,

tea, roast and ground coffee, and Kenyan roses, as well as establishing a £1 million Fair Development Fund administered by Comic Relief to promote supplier development.²

Then there is the Co-operative. The Co-op is the natural fit for fair trade. Just as in Italy there are regional cooperative supply chains selling through cooperative retailers, so in fair trade, retail co-ops are the final stage of a global cooperative supply chain. And the Co-operative Group has historically played a central role in the development of British fair trade. It was the first supermarket to convert its own lines to 100% Fairtrade (2002 for chocolate, and 2003 for coffee). It has been a long time supporter of a fair trade banana farm in Ghana, a banana cooperative in Costa Rica, and most recently a Panamanian banana cooperative which has been impoverished by a 'second slavery'-style long term contract with Chiquita.³

The Group is only one part of a larger archipelago of independent co-op retail societies, the top ten of which have a combined turnover of £3.3 billion. Most are members of the Co-op Retail Trading Group (CRTG), which although centralised allows independent co-ops to develop their own local or ethical sources which are then traded through the CRTG. All these co-ops could extend the number of 'twinned' partnerships with producers groups in the south. The partnerships should be formalised as an aspect of cooperative retail practice, and the buyers schooled in what is involved in fair trade supply chain relationships. Such practices go well beyond the Fairtrade standards because they involve technical support in improving production, processing and packaging as well as long term commitments to the partners.

For retailers following this second path, there should also be a transparent policy on margins. The French fair trade

company Ethiquable has reached an agreement with the continental retail giant Carrefour to lower their margins on fair trade products to 25 per cent and this commitment is included on the packaging. UK retailers should now adopt a similar principle.

Another possibility would be to provide incentives on the shelves not just as price discounts to consumers – usually paid for by the fair trade suppliers – but extra premium payments to the producers. Modern smart cards, such as those used in the Lincoln and Chelmsford Co-ops, would allow the transfer of premiums to be itemised for every town and every customer, tracing it through to the producer co-ops at origin.⁴

CORPORATE PARTNERSHIPS

I am arguing here for a shift in retailer–supplier relations from one of dependent subordination to one of collaborative partnership. A similar partnership model relevant to fair trade has been developed by Muhammad Yunus, the founder of the Grameen Bank. He was approached by Franck Riboud, head of the French multinational Danone, who told him that he thought that large corporations could no longer ignore social issues, yet were strangers to the social economy. Riboud therefore asked him if he would work with Danone on a project to reduce poverty. Yunus agreed, but on one condition: that the project should be driven by its social and environmental imperatives not financial ones. That was the founding principle of the partnership. Grameen Danone Foods was established in Bangladesh as a social business, yielding no profit to Danone.

The two parties decided to make use of Danone's product specialism and produce a nutritionally fortified yoghurt that was cheap enough for the rural poor. Yunus insisted that rather than the normal centralised plant, they develop micro yoghurt factories that could be located near to the villages because it would mean less of a journey for the 'yoghurt ladies' from the villages who would do the selling. He also insisted that the containers should be biodegradable and edible. All these ran against the grain of the normal. But Yunus found that when pressed Danone had the capabilities to apply their know-how to produce radical socially oriented technical innovations. He has become a strong advocate of such social-private partnerships to harness modern technology for social goals.⁵

With the growth of environmental concerns, and with the expansion of fair trade to complex, manufactured products, such partnerships could become increasingly important. In rubber products for example, there is a need to develop the properties of smallholder latex so that it can compete effectively with petroleum-based synthetic rubbers, and to substitute dyes and other hazardous substances used in the production of latex-based products such as shoe soles or rubber gloves.⁶

As with the retailers, corporations ready to act in this way should have the producers' fair trade companies working as part of a joint team rather than as a subordinate supplier. It would be a way of raising the bar not just for individual projects but more generally by embedding fair trade practices within large corporations. There would be a case, indeed, for establishing an association of corporations ready to partner in this way. The Association would have its own supplementary codes of practice that would distinguish its members from the 'tick box' fair traders.

FAIR TRADE INNOVATION

Technical innovations of this sort are only one type of innovation relevant to the next phase of fair trade. There are organisational innovations – how to strengthen the management and governance of the first and second level producer co-ops, and the third level international co-ops and networks that have emerged as the result of fair trade.⁷ Fair trade companies in the north need to develop mechanisms for closer collaboration. And there are supply chain innovations required with respect to traceability and the capacity to track fair trade products back to the farms and localities.

Advanced commercial logistics technologies would be valuable here. But there is also the question of processing flexibility that would permit short runs of products from specific villages and localities. NASFAM, the peanut cooperative in Malawi, has been working on its collection and quality control systems that now allow its peanuts to be identified down to a cluster of 12–20 farmers. Their challenge is how to maintain that degree of specificity through processing and packaging so that the consumer (and the quality controller) can identify these growers.

But there is also the question of new product development. It is a long process. Kuapa Kokoo in Ghana took five years to establish as a cooperative that was able to operate the collection and merchandising functions in Ghana. It took its branding company Divine a further four years to break even and expand. Cafédirect and Liberation Nuts had similar early life spans. Like trees, robust supply chains take time to grow.

Not all fair trade products are generated in this way. There are now over 3,000 products that have a FAIRTRADE Mark, many of these use materials and ingredients from established

cooperatives, purchased on the fair trade commodity market. On the demand side, Britain is rich in the skills of product design and market testing to make desirable products. The challenge is on the supply side – issues of sustainable crop management, generic quality issues like aflatoxin in peanuts, new types of micro processing and strong producer cooperatives to manage all this. These all require producer oriented innovation.

The 3 FRICH programme linking retailers and primary producers, and the Fair Development Fund are important in this context, as are the initiatives of the Fairtrade Foundation and its parent body Fairtrade Labelling Organizations International (FLO). FLO has recently established a section that works with companies who have adopted the FAIRTRADE Mark, or are thinking of doing so, to identify the products they wish to convert to Fairtrade, and another group who search out and support suppliers who can meet the requirements of the northern markets. The Foundation is a promoter of innovation by its management of markets.

These initiatives could be greatly extended by adopting some of the methods that have emerged in the field of social innovation. They include:

- innovation camps that bring together different specialisms to work on rapid prototyping within a tight timeframe (from a weekend to three months)
- innovation scouts that scan the world for relevant technologies
- social innovators in residence who work within large corporations and small companies to look at feasible spin-off propositions

- social 'Silicon Valleys' or social industrial parks such as that being established in northern Spain in Bilbao
- launchpads that identify and incubate social innovations, with specialist advice and start-up funds
- competitions and prizes like Nesta's Big Green Challenge or the X prizes in the US, which pose problems (e.g. how to develop a low carbon public transit system in Chicago) and give large cash prizes for the best solutions
- open innovation platforms like Innocentive that connect those with problems to those ready to offer solutions.⁸

All these can be used to promote fair trade innovations, and could be hosted either by a small independent Fair Trade Innovation Lab, or by the Fairtrade Foundation itself.

Alongside the above, there needs to run a source of early stage innovation finance that is driven not by prospective financial rates of return (as with most venture capital) but by the goal of launching successful products and the deep tap roots that supply them. A Fair Trade Innovation Lab could be linked to a seed fund to finance prototypes and beta testing. Promising projects could be taken further through Community of Interest Companies (CICs). This company status has proved valuable for financing fair trade projects because it allows charitable funds to be channelled into start-up ventures (as in the case of Liberation) and maintains the fair trade mission as primary.⁹

A FAIR TRADE COLLEGE

I have discussed a number of economic mechanisms that can expand and enrich fair trade. But the development of a

common culture of fair trade is even more important. Culture is a wide term. It covers festivals, language, performance, films, music and the many types of electronic media. In a sense it is what is at the core of life itself. There is scope for extending fair trade into such services and for establishing a network of fair trade cultural centres that could showcase these many forms of culture from the developing world, and provide a place where fair trade becomes more a way of life than a narrow economic transaction.

Here I want to focus on one particular cultural issue. It is how fair trade learns about itself and generates a common understanding. It is one of the features of successful civil economic movements that they develop their own structures of education. The British Co-operative movement, for example, established its own college in 1919 that developed successive generations of cooperative staff and managers. The retail co-ops all ran their own education programmes. The Mondragon cooperatives in Spain started from a training course and now have their own University. The remarkable Sekem project in Egypt, which has pioneered bio-dynamic farming and the conversion of 85 per cent of Egyptian cotton to organic production, has established its own Sekem Academy in Cairo. Such colleges are the source of vitality and renewal in any movement. Like a hidden attractor, they shape the patterns of activity and make coherent the disparate living centres that make up a movement of this kind.¹⁰

Fair trade lacks a college. Those engaged in it have not had a space to stand back and reflect. From the farmer right through to the importer and brander, the focus has been on the product, getting it from field to plate via a supermarket, in the right shape and at the right time. In the south, there has been some training in the running of cooperatives and

in the business of trade. But in the north there has been almost nothing that is plugged into and informs practice. The new generation of fair traders has been formed on the job but without a wider context. Those in the commercial and cultural world who engage with fair trade – the buyers, the marketeers, the journalists, even the board members – have little substantive induction beyond the generalities of principle. Fair trade has been a movement of the hand and heart. It has not paid enough attention to the reflective head.

The intellectual challenge is this. Fair trade is not just business as usual conducted for an ethical end. It is a looking glass economy that, like Muhammad Yunus's Grameen Bank, discovers the limitations of the normal practice and reverses it. It partners with small farmers in marginal communities rather than large plantations. It shifts risk in the trading chain from the farmer to the importer. When world prices fall it raises the price it pays. It advances credit to those who have no collateral to give. It shares its ideas rather than hides them.

It is these reversals that have resonated with consumers and investors. For, like Grameen, they show that another kind of economy is possible. It is an economy of reciprocity, based around what we have in common rather than the antagonisms of the private market that keep us apart. Fair trade shares these features with other parts of the rapidly growing social economy. But the mechanisms and laws of such an economy are still too little understood.

This is where a college comes in. Its first task is to expand this understanding beyond the celebration of individuals and examples of ethics-in-practice. Adam Smith's theory of markets was more than a theory of entrepreneurs.

A second task is to develop a shared perspective and set of principles for operating successfully in this economy. For in

this other kind of globalism, where the number of farmers scattered across continents, cultures and languages supplying Cafédirect is greater than the workforce of Ford or General Motors, a shared outlook is the binding necessary for such a dispersed movement to cohere.

A third task is to develop particular skills and methods that embody the principles of this different kind of economy. It is sometimes said that social business is 90 per cent conventional business and 10 per cent a social topping. In our experience the two should not be split apart in this way. Fair trade needs distinct management information systems, marketing approaches, HR policies, organisational structures – many shared with the most innovative firms in the wider economy. It needs its own type of business school.

Lastly the college needs to provide a space for those engaged in fair trade to take time out and reflect – what Donald Schon, the farsighted American management theorist, called ‘reflective practice’.¹¹

A college to carry out these tasks should be a college without walls and with many centres. It should be modelled on the Open University which was founded on the principle of people studying where they work and live, supported by local tutors, and fellow students, and gathering together annually. It was a model of decentralised and networked learning that shared many of the features of the great institutions of adult learning in twentieth century Britain, such as the education programmes of the Co-operative Retail Societies and the co-op inspired Workers Education Association whose tutors took themselves and their book boxes on the road.

The internet has allowed this principle of a decentralised college to grow exponentially. The Open University now has 180,000 students interacting with it from home. There are

16,000 conferences, 2,000 of them moderated by students, with 110,000 participants. Its student guidance website has 70,000 hits a week. This is a measure of the power of web-based education.

A Fair Trade College would link existing resources (in the Co-operative College in Manchester for example) with a multiplicity of study groups. Its principle would be that of the Open Source movement – the free posting of curricula and content on the web coupled with their constant upgrading in response to comments and submissions. The Fair Trade College would run some central courses – an action research degree for some, shorter courses for new buyers, or recruits to the companies. But much would be distributed, both for producer co-ops in the global south, and those wanting to engage with fair trade in the north. Such an Open College should become one of the main drivers of the next stage of fair trade.

EXTENDING THE SOCIAL MOVEMENT

In many ways the axis of the fair trade economy in Britain in 2010 has shifted from the complex architecture of markets to the gathering force of a social movement. It is this movement that will fuel the widening and deepening of fair trade. If we think of fair trade as a mix of philosophy, politics and economics, we can see that both the philosophy (in terms of the ethic of fair trade) and the politics (in the form of the Fairtrade towns, schools, and municipalities) have become key parts of its economics. The idea of the college is to develop the philosophy. What are the ways of sustaining and strengthening the social movement?

The growth phase has focused on products. Local groups have campaigned for shops and cafes to take fair trade goods. They became the local champions of the iconic fair trade brands owned by the small farmer co-ops. But a chocolate bar has its limits. It is direct relationships with the farmers that really matter. Fairtrade Fortnight has provided resources and a framework for connecting. Visiting farmers have travelled all over the UK, addressing meetings, appearing on local television, being welcomed in town halls. Occasionally the annual assemblies of the fair trade companies have led to memorable occasions – with fair trade fairs and dances. But for the most part fair trade activists have been separated from the producers.

In other countries consumers are more directly connected to producers. In Italy, the leading fair trade company Altermercato is part of a network of 500 One World cooperative shops. They are run largely by volunteers who engage with producers not just through the multiplicity of stories attached to the products on the shelves but through campaigns that emerge from these stories, such as the repression of the brazil nut producers in the Pando province of Bolivia, or the olive oil producers in Palestine.

Similarly in Japan, Altertrade, the fair trade company owned by and supplying the large consumer co-ops, organises regular exchanges between consumers who stay in the homes of small banana producers in the Philippines, and the farmers who return visits to the co-ops in Japan. Altertrade refers to this as ‘people to people’ trade, and as with Altermercato, it is direct trade between producers and consumers.

In Britain most fair trade is not direct. It is sold predominantly through mainstream retailers, sub-contracted category managers and private merchants. They are multiple

curtains that stand in the way of the direct and continuous relationships that the fair trade movement needs if it is to sustain itself.

How to develop more direct links? Retailers could, like Altermercato, encourage groups of consumers to connect directly to their suppliers. This is most likely to happen through the British One World shops, or through Oxfam, and the online retailers (like Traidcraft and the Ethical Superstore) or through some of the Co-operative retailers.

The 100% fair traders and the Fairtrade Foundation could encourage twinning – of the kind that has begun with schools in England and Ghana, and which could be greatly extended between Fairtrade towns in the UK and villages in the global south. Twin Trading and its partners in the regions of Kilimanjaro in Tanzania, and Cusco in Peru, have launched a tourism project for visitors from the north to live among coffee farmers. There are initiatives to provide training and placements for members of southern cooperatives in the UK. There is also scope to greatly expand volunteering and technical support, and for all those involved, as in Japan, to speak about their experience when they return.

But it is to the web that we should turn for step change. As with education, the world of the web radically alters the conditions for connecting. To date most of the websites of fair trade companies have taken the old form, of content presented for passing readers. They have carried abbreviated stories and pictures about particular producers, and directory entries about producer organisations. But few have been interactive or have had the real time immediacy of Facebook or MySpace.¹²

With the growth of broadband and mobile phone technology, closer connections are on the horizon. What is

needed is a platform that enables such interaction. Actively hosted, it would mean that Fairtrade products need no longer be merely a symbolic connection between consumers and producers, but a bridge connecting the two directly.

Across that bridge much could flow. There are few producer co-ops whose stories do not have a dramatic character, faced as they often are with the opposition of the local political and economic interests that they challenge. It is the detail of these stories that gives meaning to Fairtrade products in the shops, but that gets lost in the abbreviations of conventional marketing. The web is a medium that thrives on detail, on exchange and reciprocity, and the spread of the immediate. And it is a medium that allows the local to become global and transparent.

Such a hosted platform would best be established by a consortium of the 100% fair traders in conjunction with those active in the fair trade movement. In addition to facilitating north-south exchanges, and helping to spread an awareness of the conditions and activities of marginal farmers, its aim would also be to fuel the many new initiatives now being developed by fair trade activists in the north, such as the opening up of fair trade walking trails. Fair trade would no longer be merely a means for transferring small sums of money across the lengthy chains of international trade, but a platform for direct exchange and a common mobilisation. Fair trade now has the potential to enter fully into the information age.

THE PIONEERS

What role is there for the 100% fair traders in this next phase of fair trade? One course would be to accept the logic of the

increasingly crowded fair trade market, and wind themselves up, their job done. Or like Ben & Jerry's, the Body Shop or Green & Black's, they could seek to work as an ethical implant within mainstream corporations.

Yet these companies remain key players in the wider agenda that I have set out. As producer owned companies, they are a principal conduit for producer engagement in the development of a fair trade web platform, a fair trade college, and the many fields of innovation. But to play this role the 100%ers need to radically change themselves from companies primarily focused on the development of particular products and services, to the hubs of wider networks.

On the one hand this means rationalising their own operations by merging their organisations or forming consortia to provide backroom services more cheaply. While in the initial phase it made sense to have separate companies, each with their own drive and identity, now they should consolidate, not least in marketing, to provide a stronger voice for the 'fair trade plus' model, and to develop their role as fair trade hubs.

On the other hand they need to turn outwards and actively connect to the potential partners in the new agenda – to the Fairtrade towns, the Fairtrade Foundation, to those with specialist skills, to sympathetic corporations, and to the environmental and cooperative movements. This means a shift in focus and governance from closed to open fair trade.

CONCLUSION

Social and environmental innovations like fair trade are often initiated by imaginative groups driven by a social cause. But

the path of their growth has its pitfalls. If successful they can be absorbed and shackled by the mainstream, sometimes by the state (in the field of mental health for example) or by large players in the market. In recycling for example, large waste companies have crowded out the community innovators and lowered their standards. In organic food, US organic farmers have had to develop a new quality kitemark because the large corporate food producers used political pressure to water down the official organic standards. In both cases more has meant worse.

Fair trade need not go down this route. It controls its own standards. The governing body that sets the standards, the Fairtrade Foundation, represents many of the interests that want to enrich fair trade rather than dilute it. The FAIRTRADE Mark has its competitors, and faces its own pressures to relax the standards. But these are counterbalanced by the growing strength of the Fairtrade towns and of consumers at the checkout.

In this context the pioneers are far from done. They have an established place in the market and are seen as embodying fair trade's aspirations. They have much to live up to, both as standard bearers and innovators, and much still to do once their own economic position has been secured.

So the further diffusion of fair trade can be one of enriching its practices rather than reducing its standards. There are strong currents running in its favour. But to make the most of them the multiple springs of activity that have up to now followed their own courses, need to link more closely as partners to further a common programme of initiatives. The small rivers of fair trade that have already begun to reshape the contours of an impoverished economic landscape could together take on the force of a flood.

NOTES

1. Twin Trading, in conjunction with Sainsbury's, has accessed the FRICH fund to support coffee producers in Malawi and the Democratic Republic of the Congo. The latter's coffee has recently reached the shelves as a special 'coffee of origin'.
2. Sainsbury's is now represented on the board of the Fairtrade Foundation, alongside producers and NGOs.
3. There are examples of other multiples providing support of this kind. Marks & Spencer have launched a major ethical programme covering many elements of the supply chain. Their tea, coffee, sugar and preserves are all 100% fair trade, and they are rapidly growing the proportion of their cotton products sourced as fair trade. Tesco for their part have been a stable outlet for four years for fair trade brazil nuts by Liberation.
4. The Lincoln Co-op already rewards consumers at five times the normal dividend rate for those purchasing Fairtrade products.
5. Muhammad Yunus, *Creating a World Without Poverty: Social Business and the Future of Capitalism*, BBS Publications, 2007, chapters 6 and 7. One of the revelations of this process was that to the surprise of the plant engineers the micro factories turned out to be economic because the fact they were distributed not centralised meant that they could dispense with much of the expense of refrigeration, the yoghurt ladies using cooler bags on their regular runs to the villages.
6. Another example is in paper production, using renewable resources such as straw. The barrier here has been a solution to the problem of 'black liquor' produced during the processing of straw. Its pollution is causing much of the rice straw production in India and China to be closed down, with resulting pressure on virgin forests and a rise in imported waste paper. The UK social company Bio Regional has been working for more than a decade in partnership with commercial paper companies to find a solution to this problem, and then diffuse the know-how cheaply. It represents a form of fair trade in reverse, and has echoes of the fair procurement that was an initial driver of fair trade companies like Twin Trading.
7. It is one of the achievements of the last decade that there are now international producer co-ops that play an active role in

fair trade governance in coffee and tea (CPL), fresh fruit (CPAF), nuts (INPC), and in FLO and the Fairtrade Foundation itself. The organisational challenge is how to use the web and modern technology like telepresence to lower the cost and extend the range of communication between the members of these international co-ops and their companies in the north.

8. For an initial mapping of methods of social innovation see Robin Murray, Julie Caulier-Grice and Geoff Mulgan, *The Open Book of Social Innovation*, Nesta 2010, and the website www.socialinnovator.info
9. CICs have their own regulator, and CIC companies are required to submit an annual report showing how their work has helped their 'community of benefit' and realised their mission.
10. The University of Gastronomic Sciences in Pollenzo and Colorno in northern Italy was established as a primary catalyst for the international slow food movement, which saw a shared culture and intelligence as an alternative to any attempt to centrally police a 'slow food' brand. See Carlo Petrini, *Slow Food Revolution*, Rizzoli International, 2006, and Geoff Andrews, *The Slow Food Story*, Pluto Press, 2008.
11. Donald Schon, *The Reflective Practitioner: How Professionals Think in Action*, Basic Books, 1983.
12. Divine is a partial exception, particularly their Dubble website (www.dubble.co.uk) connecting young people in Britain and Ghana.