

**The Institutionalization of Fair Trade:**

**More than a Degraded Form of Social Action**

**Les cahiers de la Chaire – collection recherche**

**No 12-2006**

**Carried out by Corinne Gendron**

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## Abstract

The context of economic globalisation has contributed to the emergence of a new form of social action which has spread into the economic sphere, namely the new social economic movements. The emblematic figure of this new generation of social movements is fair trade, which influences the economy towards political or social ends. Having emerged from multiple alternative trade practices, fair trade has gradually become institutionalised since World Shops became more professional, fair trade products entered the alimentary sector, and the fair trade label was established. With the strength that this institutionalisation has generated, fair trade can now be considered a real trade system that questions, as much as it renews, the traditional economic system. In parallel, this transformation has exacerbated the tensions within the movement, which we can characterize as a clash between a “radical and militant” pole and a more “soft and commercial” one. However it is not the actual institutionalisation of fair trade which is being debated amongst these fair trade actors, but rather the challenges inherent in finding an economic institutionalisation acceptable to social economic movements. Therefore the institutionalisation process of fair trade should not be seen as a simple degradation of social action, but rather as typical of the institutionalisation process of new social economic movements. If we need to worry about the recuperation and alteration of the fair trade movement by the dominant economic system the inverse is no less likely, as new social economic movements contribute to an ethical restructuring of markets.

**Key Words:** Fair trade, globalization, institutionalization, new social economic movements, new social movements, social action



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## Abbreviations

SERRV: Sales Exchange for Refugee Rehabilitation and Vocation

UNCTAD: United Nations Conference for Trade and Development

IFAT: International Federation of Alternative Trade

EFTA: European Fair Trade Association

NEWS!: Network of European World Shops

FLO: Fair Labelling Organization – International

FINE: network created in 1998 which, like the Fair Trade Advocacy Office, unites the large international fair trade organizations FLO-I, IFAT, NEWS!, and EFTA



## Introduction

Since the turn of the century the fair trade movement has left its marginal beginnings, gaining an increasingly important notoriety despite the fact that its market share remains modest. At the same time it is experiencing tensions crystallised around its initial perspective, called “radical and militant”, and a second more “soft and commercial” one. These tensions have become more and more apparent as the movement has institutionalised or formalised, through a common definition, common criteria, and above all a distribution strategy which is now symbolic of the two clashing perspectives. Some fear that the transformative potential of the fair trade movement could be weakened through this institutionalization, as it is progressively cut from its roots to be simultaneously “contaminated” by an economic or commercial logic.

Though this portrait may appear simplistic, it does summarise the many contradictory positions in the fair trade movement which, according to some, is at the point of bursting. However by placing fair trade within a larger context of the new social mobilisations which are manifesting themselves in the era of globalization, and the transformations which they are causing, it appears to us that the existing conflict at the centre of the movement could be transcended so that the “militant” and “commercial” poles are seen in a complementary way.

The institutionalization of social movements took new forms in the era of globalisation by systematically resorting to economic methods of pressure. “Political institutionalization” has been superseded by what could be defined as “economic institutionalization” - a formalisation of demands in the economic system. This type of institutionalization is typical of movements that we call social economic, of which fair trade is one of the most well known, and requires a new look at the process of social transformation in advanced capitalist societies. In this article we demonstrate that whilst this transformation is causing well-founded fears, the process of the institutionalization of fair trade does not have to be interpreted as a simple degradation of social action initially instigated by militants, but rather as typical of the mode in which new social economic movements are institutionalised.

Our reflection is built in four stages. First of all, we will trace the plural origins of fair trade which offers an interesting and often neglected exploration of the current tensions within the movement. Next, we reflect on the recent evolutions of the movement and the question it raises: does the institutionalization of fair trade correspond to a degraded form of social action, a weakened form of the movements' demands? To respond to this, we propose beginning with an understanding of the nature of social movements and the phenomenon of their institutionalization. We then reveal the concrete forms that the institutionalization of the fair trade movement has assumed over the last decades and the challenges it faces. In the last section of this article, we reflect on the institutionalization of fair trade and of new social economic movements in general, and how they manifest their transformative potential in advanced capitalist societies. Finally we conclude that it is not the institutionalization of fair trade as such which causes problems for the actors of the movement but rather the mode of institutionalization. By proving to be more economic than political, this mode is typical of other social mobilisations which characterise the era of globalisation, and is not less able to cause important social transformations.

## **From Charity to a Parallel Commercial System**

Many authors trace the origins of fair trade to craft boutiques which appeared in the US, UK and Holland in the middle of last century<sup>1</sup>. These initiatives not only came from political movements of solidarity<sup>2</sup>, but also from development organisations<sup>3</sup>, corresponding to the early history of a social movement that has multiple origins.

In effect fair trade resulted from a serendipitous convergence of different local initiatives in alternative commerce. Firstly, although it has not always been acknowledged, fair trade has an incontestable relationship with the cooperative movement, which has its roots in 19th century

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<sup>1</sup> At the end of the 1940s Sales Exchange for Refugee Rehabilitation and Vocation (SERRV) and the Mennonite Central Committee Self Help Crafts offered Americans crafts that came from poor Southern communities, with sales helping to finance development projects (Bowen, 2001, p. 23). A decade later Oxfam UK had the idea of selling cushions with pins and other products made by Chinese refugees; at the same time a Dutch catholic association sold Southern products via correspondence, an initiative which was the origin for the first "World Shop" opened in Breukelen in 1969 (Veit, 1997).

<sup>2</sup> Known as solidarity trade (IFAT, 2003).

Italy and UK (IFAT, 2003), and with hundreds of later initiatives like those raised by Low and Davenport (2005)<sup>4</sup>. This movement aims to develop a cooperative economy integrated from the production to the distribution of products (IFAT, 2003):

The conceptual bases of fair trade are well understood under the umbrella of social projects put in place by the pioneers of the cooperative movement. The founders of the Rochdale Equitable Pioneer Society had already developed the principle of eliminating intermediaries' over-profit at that time. They also wished to transform the nature of commercial relations so that they could be a way for the civil society to organize itself whilst making the citizen-consumer an actor of social change (Malservisi and Faubert-Mailloux, 2000: 2, our translation).

Secondly, fair trade can also be linked to another type of practice which came to the forefront of the solidarity movement after the Second World War: the charity business. Beginning in 1950, religious organisations and other NGOs had the idea of financing their development projects through the sale of craft products, at the same time aiding communities and refugees in the South as well as neglected populations in the North<sup>5</sup> (Low and Davenport, 2005). In the beginning there were no systematic links between the crafts sold and the communities who benefited from the assistance; this principle imposed itself towards the end of the 1950's (Low and Davenport, 2005). The distribution network of this charity business wasn't highly organised, based principally on church-front sales or door-to-door (Littrell and Dickson, 1999). Regardless, the charity business became an important means for financing the projects of NGOs and religious organisations.

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<sup>3</sup> Known as developmental trade (IFAT, 2003).

<sup>4</sup> Low and Davenport (2005) highlighted different initiatives aimed towards creating international trade alternatives that can be traced back to Indian cooperative and Khadi movements in the 1920s. The Khadi movement promoted self-sufficiency and the boycotting of exported goods (Office of the Commissioners for Khadi and Village Industries. s.d.).

<sup>5</sup> SERRV was created in 1949 with the objective of aiding European refugees after the Second World War. Cuckoo clocks were imported from Germany to Maryland and sold in the U.S. Later, the organization focused on importing crafts from developing countries (SERRV, s.d.). The first activities of the Mennonite Central Committee (MCC) in the U.S. (which became Ten Thousand Villages in 1996), Oxfam U.K., and the S.O.S. organization from Holland, also joined the wave of charity trade.

Thirdly, fair trade can be linked to solidarity trade which emerged from the political movements of solidarity that imported products coming from politically or economically marginalised Southern countries (Kocken, 2003; Renard, 2003) in the decades that followed, namely the 1960s and 1970s (Kocken, 2003). This alternative commerce was not only based on the engagement of religious missionaries, but also on militants who opposed capitalism and neo-imperialism preaching alternative ways of life (Low and Davenport, 2005; Renard, 2003). Before contributing towards improving the quality of producers' lives, they wished to find outlets for the products of excluded countries (Renard, 2003; Malservisi and Faubert-Mailloux, 2000). World Shops, based essentially on the engagement of volunteers, constituted privileged places of education and campaigning, and are considered the foundations of the solidarity trade movement (Low and Davenport, 2005; Renard, 2003).

Finally towards the end of the 1960s, international development agencies and religious organisations initiated a “developmental trade”, which consisted of assisting Southern producers in production and exportation (Kocken, 2003; Malservisi and Faubert-Mailloux, 2000). The international development organisations supported development objectives such as the eradication of poverty and aiding populations menaced by natural catastrophes (Kocken, 2003; Malservisi and Faubert-Mailloux, 2000), to which the celebrated slogan “trade, not aid” from the 1960s United Nations Conference for Trade and Development (UNCTAD) was applied. This slogan strongly portrays Southern demands for more just rules of commerce, without which aid is often rendered useless. It has since been reused as a slogan for a number of international solidarity networks (Solagral, 2002)<sup>6</sup>, with many fair trade actors today accepting it as the movements *raison d'être*.

These four different practices (refer to Figure 1: The Movements at the Origin of Fair Trade) demonstrate the multiple origin of fair trade, which Le Velly refers to as the “trade of benevolence”<sup>7</sup> (2004). According to him, such commerce is composed of two principle

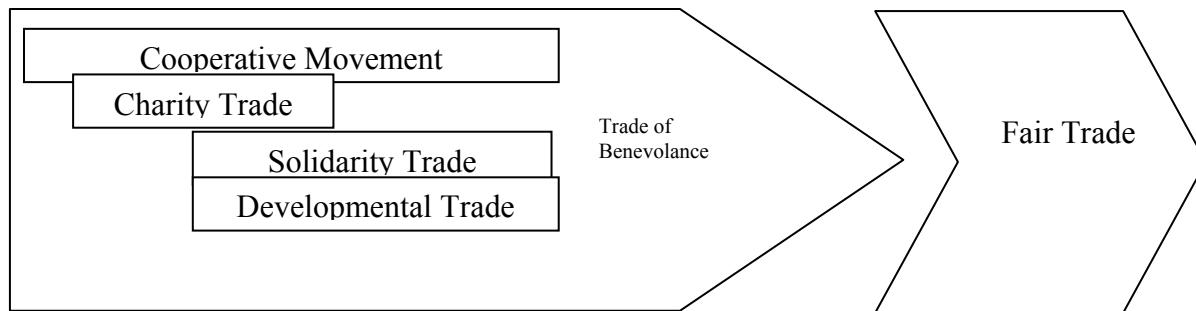
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<sup>6</sup> For example, in Holland towards the end of the 1960s, a group of Dutch militants sold sugar cane from the third world with the message: “in buying sugar cane, you assist populations from poor countries to have a place under the sun of prosperity” (Kocken, 2003: 1).

<sup>7</sup> In reference to the benevolence of Adams Smiths butcher.

characteristics. On the one hand, it is a niche commerce where buyers are already aware and convinced about the pertinence of the projects supported by their purchases; new buyers are not necessarily sought unless they are known to be already supporting similar causes. On the other hand, the product can be sold at a superior price to comparable conventional products independent of their quality. The purchase of benevolence trade products corresponds above all to an act of charity seeking to aid producers or support the political causes of Southern countries. We acknowledge these two ideological positions that still mark the fair trade movement today, which, according to some, risk being lost.

**Figure 2: The Movements at the Origin of Fair Trade**



The 1980s and 1990s marked a turning point when the different practices of benevolence trade consolidated themselves around the idea of a “just and equitable” alternative to conventional trade. This evolution occurred as a reaction to the commercial context at the time. Firstly, towards the end of the 1980s, the fair trade craft sector had to address several important difficulties. In terms of the offer, the arrival of new commercial players (such as Pier 1 Imports) and the rise of catalogue orders in ethnic products destroyed the exclusivity of the fair trade movement (Low and Davenport, 2005; Littrell and Dickson, 1999). In terms of the demand, the recession reduced consumer buying power with people becoming more demanding regarding the quality of goods. Marketing, which the organisers of alternative commerce were not largely familiar with, became unavoidable whilst the products had to satisfy new international health and security norms (Low and Davenport, 2005). This context encouraged a triple evolution of the movement, characterised by the “professionalisation” of World Shops, the entry of fair trade products into the alimentary sector, and the creation of the fair trade label.

By the end of the 1980s World Shops were becoming more professional, emphasising commercial activities which began to take a similar place to information and education, and improving the quality and diversity of products offered (Veit, 1997). Artisans du Monde is testimony of this transition, having established the first politics of shop development and volunteer behaviour in order to grow their clientele, become more commercially efficient, and raise their sales (Le Velly, 2004). The “professionalisation” of alternative distribution networks accompanied the creation and consolidation of different fair trade networks, aiming to expand fair trade and position it in the political scene. The International Federation of Alternative Trade (IFAT), the European Fair Trade Association (EFTA) and the Network of European World Shops (NEWS!) are the principal examples.

Fair trade products appeared in the alimentary sector towards the end of the 1980s too. Although the Dutch fair trade organisation already imported fair trade coffee for the first time in 1973 from Guatemala (Kocken, 2003; Veit, 1997), it wasn’t until the end of the 1980s that the movement made a significant market entry. This change resulted from the needs of producers facing the coffee crisis, the necessity to counter difficulties within the craft sector, the rise of ethical consumerism, and the creation of the fair trade label (Low and Davenport, 2005). Facing a limited alternative distribution network the Dutch clergyman van der Hoff and Nico Roozen created the organisation Max Havelaar as well as the fair trade label carrying the same name in 1988. In parallel to the “professionalisation” of alternative commerce networks through fair trade boutiques a completely new strategy of distribution began: the labelling effectively opened the doors to large-scale distribution. The origin of this label is described by the founders of Max Havelaar as follows:

Isaias made the calculation in front of me: « [...] For fair trade to have a real effect, one must look a bit further than the simple price. Two factors are in play: the price multiplied by the volume. If the volume is small, we’re speaking of a symbolic politic [...] ». Isaias’ analysis was clear. It wasn’t wrong. We hadn’t taken account of the effects of scale. We put our fair trade coffee packets on the shelves, using the critical and political consumers who frequented the World Shops. They knew the degree of injustice that marks international economic relations and made a choice. They are even ready to go out of

their way to purchase it. They are fantastic people, but alas not numerous. The coffee business, at the end of around 15 years of alternative sales, hasn't exceeded 0.2% of the total consumption in Holland [...] For the peasants of UCIRI, the solution was evident: « Our coffee with a just price must be on sale in supermarkets». Our coffee had to be within range of the average consumer, there where they shop (Roozen and van der Hoff, 2002: 99-100, our translation).

It was through negotiations with a distributor that the promoters of Max Havelaar decided to establish a label instead of a brand name (Roozen and van der Hoff, 2002, p. 109). The labels criteria were discussed by a commission which regrouped the distributors of Solidaridad, a development organisation where Mr Roozen worked. The introduction of Max Havelaar coffee in 1988 was a success and its market share rapidly reached 2%<sup>8</sup>. This labelling system was adopted by Belgium two years later, followed by Switzerland in 1992. Other labels followed such as: Fair Trade (UK, Ireland, and Canada), Transfair (Austria, Germany, Italy, Luxemburg, Japan, USA and Canada)<sup>9</sup>, and Rättvisenmärkt (Sweden). In 1997, 17 certifying organisations joined together in an international federation: the Fair Labelling Organization – International (FLO). Today national initiatives from Australia, New Zealand, and Mexico are also included. Through this federation the labelling organisations gathered their resources by sharing their competencies and making their certification criteria uniform (Buccolo, 2000). For example, for a roaster to use the FLO label they must satisfy the following conditions: 1) the green coffee must be purchased directly from small coffee producer organisations registered within the Registry of Coffee Producers of FLO; 2) the coffee price must be arranged in accordance with the established conditions of fair trade initiatives: the price is fixed at US\$1.21 per pound unless the conventional market price exceeds this price, when a US\$0.05 premium per pound is then added to the conventional market price, as well as an extra US\$0.15 per pound for organic coffee<sup>10</sup>;

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<sup>8</sup> These results are nonetheless well below those indicated in the market studies used by promoters, which promised a market share of between 7 and 14% (Roozen and van der Hoff, 2002, p. 121).

<sup>9</sup> An initiative of EFTA.

<sup>10</sup> In accordance with the general statement of fair trade principles, the just price must be based on the costs of production; however one must inevitably take account of the price offered by the market so as not to risk loosing the supply network in the unlikely event of a rise in market prices (as occurred with the coffee price in winter 2005). In the case of Max Havelaar coffee, Auroi (2000: 205) explains: "this prime is more or less important depending on the differential that exists between the world [market] price and the Max Havelaar price. The price of fair trade [coffee]

offer access to a credit up to 60% of the value of the contract; and establish longer term contracts of between 1 and 10 years; 3) the roaster must accept and assist in ensuring the proper application of these conditions (Transfair, 2001). To be registered in the registry producers must satisfy a series of demands related to democratic organisation, political independence, transparency judged by the certifying organisation based on the information provided, a sample analysis, and a visit.

The wave of World Shop “professionalisation”, the entry of fair trade into the alimentary sector, and the development of a fair trade labelling strategy, marked the way from alternative trade to fair trade. This change occurring in the 1990s<sup>11</sup> had, according to Low and Davenport (2005), marketing aims. “Alternative commerce” refers above all to a commerce that occurs at the margins of traditional commerce, taking the characteristics of benevolent commerce, whilst “fair trade” proposes a new commerce with the particularity of reserving a just price for producers (Low and Davenport, 2005)<sup>12</sup>. It is even more important to note, however, that this new name is within the same movement of practices with diverse origins that call themselves “fair”. Also, the heterogeneity of fair trade is testimony to this plural heritage, even if many interpret it as a fragmentation of a movement that was once unified. Fair trade originates from a triple evolution that has led to its institutionalization, which whilst guaranteeing its success according to some, has cut it from its roots leading to a loss of significance and transforming potential according to others. It is precisely this question that we propose to reflect on in this article: has the institutionalization of fair trade cut it from its social roots to the point that we can no longer speak of a social fair trade movement? In order to respond to this it is important to firstly recall the difficulties posed by the institutionalization of social movements, and to secondly study the particular challenges that this institutionalization poses on the fair trade movement. Finally, we

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is fixed every 3-4 years based on a production costs analysis of a sample of sellers. By definition it is superior to the world price, and if this price rises to the Max Havelaar price a premium is allocated in any case” (Our translation).

<sup>11</sup> Malservisi and Faubert-Mailloux (2000) estimated that this change in terminology occurred during the 1980s.

<sup>12</sup> Even though today we speak more about fair trade than alternative trade, this change is still a subject of debate within the movement. For example, during the IFAT general assembly in 2005 members were against a name change which would have integrated the term “fair”. The stakes of this name change were also discussed during the previous general assembly. Surprisingly however, the internet site of IFAT uses the name “International Fair Trade Association” instead of the “International Federation of Alternative Trade”. Despite such differences of opinion within the movement, changes in terminology mark the emergence of a trade which may now be considered as a sector within a whole or by itself (Malservisi and Faubert-Mailloux, 2000).

conclude the article by demonstrating that the debate is not around the *effect* of the institutionalization of the fair trade social movement, but rather on *how* this should be achieved.

## **Social Movements and Institutionalization**

Fair trade is generally presented by its actors as a social movement which offers greater justice towards Southern countries. The character of the fair trade social movement can be understood in several ways depending on the theoretical perspective chosen. Over the last decades social movements have been theorised in many ways, with the principal schools being resource mobilisation and new social movements. The school of resource mobilisation envisages social movements as interest groups which fight amongst themselves so that demands are recognised and integrated by the official apparatus *i.e.* that they are institutionalised. This vision sees social movements from a strategic and utilitarian perspective that, whilst being interesting, doesn't allow for an understanding of mobilizations centred on normative projects or universal principles (Cohen, 1985). This includes fair trade, where social action is strictly envisaged as a defence of interests towards an organisational structure (Gendron, 2005).

The school of new social movements appears more appropriate for understanding the phenomenon of fair trade. It defines social movement as collective control of an alternative societal project, a fight not directed towards the state but against a social class opponent. This fight seeks to control the historicity, the means by which a society reacts to itself, through which actors even search to merge the normative foundations (Touraine, 1978a). According to the actionalist perspective, the specificity of new social movements compared to traditional working-class movements rests in the fact that their social base "constitutes principally a new middle class showing a class sensibility more so than a class conscience, so that whilst having a potential of mobilizing structurally, their demands are very particular, universalistic, or strangers to a class specificity" (Gendron, 2005: 399, our translation). Finally, the action of new social movements may create institutional demands but it is at the level of historicity, that is the cultural orientations of a society more so than at the institutional level that the nature of their social movement is explained (Touraine, 1978b). The school of new social movements thus

disassociates itself from the theory of resource mobilisation which is wholly centred towards the search for State institutionalization. For Touraine, institutionalization appears to be a degraded form of social movement action which is seen to be transformed through this process.

The study of social movements shows that after an initial phase of global opposition between opposing utopies a phase of direct confrontation between the social adversaries began, then a phase of the institutionalization of conflict [...].

This type of institutionalization cannot operate without a transformation of actors, without the intervention of political forces (Touraine, 1978b: 218,our translation).

For other actionalist authors, the question of institutionalization poses itself differently depending on the nature of new social movement demands and the framework of political representation. As demonstrated by Melucci, organizational forms of new social movements escape traditional political categories. They therefore correspond in their latent phase to “a nebula with dubious borders and variable density”, and they don’t become explicit until moments of mobilization yet they remain more than that (Melucci, 1983: 13, our translation). However, political organizations answer more to stable interests where the social base is clearly defined. Simultaneously, social movements risk fragmenting themselves and disappearing; they cannot survive without a certain form of political representation. For Offe, the incapacity of political systems to accept their demands is the reason why new social movements deploy their resources in the non-institutional field, outside of the State. The question of “the institutionalization” of social movements does not take into consideration the transformations they evoke, which touch both the institutional and the non-institutional fields, as explained by Eder:

The common place that social movements are undergoing a process of institutionalization (which normally means integration into existing political and social institutions) has at least to be corrected. Institutionalizing social movements has led to effects that are changing the institutional system itself [...].

[Social movements] represent a new type of institution which forces the institutional system to adapt discursive structures (Eder, 1993:16-17; 19).

According to the theories which we have presented, the institutionalization of social movements can be explained in three ways: as corresponding to the mobilization of resources and the recognition and integration of actors interests in the political structure; according to Touraine, as formalizing social conflict within the political system, corresponding to a degraded form of social action which loses its transformative potential; and according to Eder, Offe and Melucci, as transcending itself to realize its transformational potential on institutional structures. Even if these theoretical perspectives may seem contradictory, they at least permit three enlightening views of the fair trade movement regarding its strategies and the tensions that are crystallizing within. The first perspective takes into consideration the reservations that international economic authorities have towards this movement which aims to transform commercial rules and make them more just towards Southern countries. The second perspective takes into account the fears of a part of the movement which sees this “economic” institutionalization as degrading the social mobilization and weakening its political message towards the authorities of world economic governance (which we will return to later in this article). The third perspective allows an understanding of the transformations that fair trade causes, as it is no longer restrained to the “traditional” institutional sphere of world politics and able to influence the rules of the economic system. These last two perspectives open the way for a new social economic movement which we will explore after having presented the concrete forms which the institutionalization of fair trade has recently taken.

## **The Institutionalization of Fair Trade**

At the turn of the 21st century, fair trade actors arrived relatively easily at a common definition of fair trade envisaged as, above all, an alternative to the traditional market in opposition to usual economic practices:

Fair Trade is 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, marginalized 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".

The essence of Fair Trade.

Fair Trade's strategic intent is:

- deliberately to work with marginalised producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency
- to empower producers and workers as stakeholders in their own organisations
- actively to play a wider role in the global arena to achieve greater equity in international trade (FINE, 2001)<sup>13</sup>.
- 

Fair trade poses itself as an alternative to the traditional trade system which it denounces as oligopolistic and inequitable. It proposes an alternative way to trade by establishing a series of principles at the base of commercial relations. Economic agents are no longer searching for their marginal utility. Instead they are people anchored in particular societies who, through commercial transactions, establish a real relationship of solidarity. This relationship of solidarity takes form through an alternative commercial framework on the margins of traditional markets. It is based on principles and new institutions in parallel: "the idea of the 'invisible hand' has given way to the idea of working 'hand in hand', the market is regulated by democratic authorities" (Lemaigre and Verbeeren, 1997 in Bowen, 2001: 25).

Regarding principles, fair trade defines several criteria some of which address producers and some of which address Northern organizations. Generally, the producers must guarantee democratic decision-making procedures and democratic functioning of their organization (Bowen, 2001). More specifically FLO defines two series of criteria for producers: those which apply to small producers, and those which apply to workers in plantations or industries (FLO, 2004). In the first case, the producer must organize a democratically structured and participative cooperative form. In the second case, employers must pay decent salaries to workers, guarantee the right of workers to unionize, and offer an adequate lodgement if applicable. They also have to respect health, security and environmental norms. Finally, forced labour and child labour are

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<sup>13</sup> This definition was elaborated by the FINE network created in 1998 which, like the Fair Trade Advocacy Office, unites the large international fair trade organizations FLO-I, IFAT, NEWS!, and EFTA (EFTA, 2001).

forbidden (FLO, 2004). There are two levels of producer criteria: minimum standards that must be respected in order to obtain certification, and progressive standards which encourage producers to continually improve working conditions and product quality, as well as the environmental sustainability of their activities, and their investment in the development, organization and well-being of workers (FLO, 2004). The organisations in the North, that is the buyers, must respect the following criteria themselves:

- provide direct access [...] for producers' products, avoiding to the greatest extent possible middlemen and speculators;
- pay a fair price for the products that covers producers' basic needs and costs of production, and also leaves a margin for investment;
- pay part of the price (40-50%) in advance so that producers can purchase the necessary raw materials to complete an order without falling into debt;
- establish long-term working relationships and contracts with producers. (Bowen 2001: 25)

Specific criteria concerning the quality, procedure, or price, may be added to these generic ones depending on the product<sup>14</sup>. The trade partners may also agree to a series of other criteria such as the application of a sustainable perspective, the diversification of production, respecting the conventions of the International Labour Organisation (ILO), maintaining the security of local food, the balance between local and export market access, and privileging local transformation (Bowen, 2001, p. 29-30). From the side of Northern organizations, they may offer technical assistance, financing and training, and organize educational campaigns to raise awareness amongst Northern consumers. They may also promote more advantageous international commercial rules for Southern countries.

In the fair trade system the criteria are complemented by two distinct distribution strategies: an alternative commercialisation network, that is, shops which offer fair trade products exclusively, and the labelling, which permit the identification of fair trade products sold in the traditional

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<sup>14</sup> FLO defines several relative norms for each of the following products: bananas, cacao, coffee, dried fruits, fresh fruit and vegetables, honey, juice, nuts, rice, spices, sugar, tea, wine and even sports balls (FLO, 2004).

market. The first strategy is part of what we have described as the prehistory of fair trade, when the initiators of the movement began to offer products from the South in specialized shops run by militants and volunteers. Since these beginnings, such shops have developed from meeting points to more professional selling spots, structured through the formalisation of operating rules and the establishment of national organisations or networks. Thus, these shops are now connected to central merchandising networks (the *Alternative Trading Organizations* – ATO or *Fair Trade Organizations* – FTO), which work directly with Southern producers and guarantee the respect of fair trade criteria for the products they import. The European Fair Trade Association (EFTA) was created in 1990 and regroups more than a dozen of the principal purchasing centres in Europe. It aims to coordinate the efforts of its member organization to avoid duplications. Its members supply technical, financial and commercial support to producers. NEWS! was officially created in 1994. It regroups around 15 national federations of World Shops aiming to promote fair trade products and harmonize production criteria (price, pre-financing, democratic organization, and environmental protection) of producers (Malservisi and Faubert-Mailloux, 2000). Established in 1989, the International Federation for Alternative Trade (IFAT) is an international network of more than 270 organisation from over 60 Northern and Southern countries with the objective of improving the livelihood and well-being of disadvantaged producers by linking and promoting fair trade organisations, and by speaking out for greater trade justice (IFAT, s.d.).

In alternative distribution networks the development of markets is paramount. Crafts are the principal products commercialised in the fair trade network. This causes a particular challenge because it relates to a sector where sales possibilities are limited. Such products are purchased occasionally, compared to alimentary products that are consumed regularly, and the market is saturated thus limiting growth opportunities. Also the renewing of products is crucial in this sector, a criterion that few fair trade producer groups can satisfy.

The alternative network has elaborated its own strategy for assuring the credibility of its distribution system, a form of fair trade institutionalization. Compared to labelled alimentary products, craft products are involved in a longer production chain. The certification model of fair trade products used for alimentary products cannot be used for craft goods hoping to penetrate

large distribution networks, as controlling the more complex value chain is very difficult. After the 6th biannual conference of IFAT in Tanzania during 2001, proper standards for such fair trade organisations were established<sup>15</sup> regardless of whether they were producers, distributors, exporters, importers, or retailers. IFAT also established a three-step monitoring system to allow for verification of these criteria amongst its members<sup>16</sup>. Finally, in 2004 IFAT launched the “FTO Mark”, which is a label provided to IFAT member organisations after successful monitoring. This label reassures consumers, conventional trade actors, and political authorities of the engagement of these members towards fair trade (IFAT, 2004). It is therefore not a certification for products of organisations, but rather for the organisation itself.

This labelling has permitted fair trade to infiltrate the conventional market by involving itself in conventional distribution channels. It should be noted that this distribution strategy had profound repercussions on the definition and the practices of fair trade, opening the way to real paradoxes that are causing concerns and tensions within the movement. As we have demonstrated, the introduction of the fair trade label responded to a simple logic: if the fair trade movement really wishes to support Southern producers it must focus on volume, without which the results rest marginal and insignificant. The greater the volume of fair trade products, the more producers will be able to benefit from its advantageous conditions. The rising volume of sales raises its own commercial challenges regarding product access:

To be efficient, we must assure effectively that our consumers have an optimal access to the products we promote. This means, in practice, that alternative commerce can only be a real alternative if products are available in each supermarket, each grocery, on every

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<sup>15</sup> These standards are: the creation of opportunities for economically disadvantaged producers in the conventional system; transparency and accountability in management and commercial relations; the reinforcement of producer capabilities; gender equality; safe and secure working conditions; restrictions on child labour (it may not hurt their wellbeing, security or education); the improvement of environmental practices; the payment of a just price which covers the cost of socially and environmentally sustainable production; and the promotion of fair trade (IFAT, s.d.).

<sup>16</sup> The first step is a self-assessment that each organization member conducts themselves biannually based on a guide provided by IFAT. The second stage is a mutual review with members sharing their self-assessment reports with their commercial partners. Finally, an external evaluation is conducted each year when a certain number of members receive an unannounced visit from an independent inspector (IFAT, s.d.).

street corner, there where the consumer shops, and not only in specialized World Shops, where alternative trade products are generally sold (Transfair, 2001, our translation).

Widespread access to fair trade products broadens the client base, moving it from a restricted circle of militants to the larger segment of aware or conscious consumers. It is only through conventional distribution channels that this larger market can be reached; it is therefore necessary to infiltrate these channels by reaching agreements with large distributors. The labelling organizations themselves are not against collaborating with traditional economic actors recognizing that they offer a more efficient means to assist the greatest number of Southern producers possible:

[...] It was decided to not develop the particular institutional capacity for those activities where the capacity was already available. As producer organizations don't have the capacity to deal with all parts of the production chain, the role of each participant in the chain from producers and consumers must be respected. Roasters know how to mix quality better. Wholesalers and supermarkets are better placed to realise the distribution, and coffee importers can keep their traditional role. All will act with a reasonable, rather than excessive, commercial margin. In this way all can act with a common aim: to sell as much coffee as possible from small plantations at an honest price. The best way to realize this was to create a label, putting aside all the financial and logistical problems related to the commercialization, transformation, distribution, and sales which the importers, roasters and distributors in the fair trade market are responsible for (Transfair, 2001, our translation).

For labelling organisations, cooperation between fair trade actors and traditional actors is a win-win strategy:

[...] It is in the interest of all actors in a society that new and efficient models are established which help address the general gap between the rich and the poor, based not on charity, but on fair exchanges and dignity. In reality the interests of Third World producers coincide with the long-term interests of consumers, commerce, industry and

the government in those countries. We are convinced that in the case of coffee, coffee merchants, roasters and supermarket chains can, and must, play a crucial role based on converging interests (Transfair, 2001, our translation).

Labelling organisations have also focussed on addressing another commercial problem: the quality and image of fair trade. By associating themselves with known brands of roasters, fair trade labels could not only benefit from their knowledge but also from their image of quality, thus overcoming prejudices concerning the “solidarity” coffee (Renard, 2003: 90).

[...] For the sustainable success of our common objectives it is crucially important to combat all the widespread prejudices relating to alternative trade. The coffee of small producers is excellent, the small producers are trustworthy commercial partners, and the roasters and merchants of coffee are not necessarily exploitative. We must construct a public image of quality and trust regarding fair trade (Transfair, 2001, our translation)

Reading such statements, one notes that recourse to the label and large distribution networks are the favoured strategy, marking a new orientation in fair trade; it is no longer alternative to the conventional market, it is an option within that market: “alternative trade must develop itself within ‘normal’ trade” Transfair noted on its internet site (2001). In short, “[t]he intention of the Fair Trade labeling organizations was to create a reality within the market, instead of constructing an alternative outside the market” (Renard, 2003: 90).

It is this positioning with regards to the conventional market that causes the greatest tensions within the fair trade movement. As the founders of Max Havelaar state, the idea of introducing fair trade products through large distribution channels caused distrust and reservations amongst fair trade actors<sup>17</sup>. Even if the labelling was finally propagated across the entire movement,

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<sup>17</sup> The promoters of the Max Havelaar label explained the initial challenges: “A different group rose up, on political principles, against the collaboration with roasters and supermarkets [...]. In World Shops we put a great value on information and raising awareness. Selling was a way to implicate citizens. A supermarket isn’t a place of information and we question whether a consumer of a Max Havelaar product does so consciously [...]. A motion was adopted by a very small majority: it decided against the adoption of a Max Havelaar label” (Roozen and van der Hoff, 2002: 111-112, our translation).

tensions between the perspective focusing on volume (which preceded the creation of the labels) and the perspective focusing on alternative distribution networks remain.

Though blurred by the uniform term , “Fair Trade”, tension remains between two visions: one, a more radical conception that sees “fair” trade as a tool for modifying the dominant economic model, and the other, more pragmatic, that emphasizes the insertion of products from the South under fair conditions in the markets of the North (Raynolds, 1999). For the first group, more politically and ideologically linked to militant movements, the label is merely a tool of transition, and the challenge consists of making fair trade the general rule. Thus, it is an alternative to the dominant model or, in other words, the aim is to make all exchanges fair. The second group attempts to penetrate the market and the lifestyle of consumers in order to sell larger quantities of fair products and to strengthen the producer organizations of the South, demonstrating by this route that the dominant model is not monolithic (Renard, 2003: 91).

For those that participate in alternative distribution networks, collaborating with large distribution channels is contrary to the principles and the alternative ideology of fair trade. Furthermore, providing access to fair trade products in supermarkets risks standardizing what was meant to be militant consumption. Even Max Havelaar members agree that the commercialization across large distribution channels required a change in the fair trade message: “to broaden the spectrum of the public interested in buying these products, it was necessary to appeal more to humanitarian sentiments than to political convictions” (Renard, 2003: 90). One can therefore ponder the emergence of an apolitical ethical consumption, where the equitable dimension of the product is concerned less with the denunciation of an international trading system which is unjust, and more focussed on simple qualitative attributes, as with organic, home-made or cholesterol-free. In short, is fair trade aiming to transform the rules of international commerce by educating the public about the establishment of an alternative, or is it simply aiming to respond to the demand of a new wave ethical consumers? Behind this question lies the unavoidable paradox that occurs when a social movement integrates itself within the economical arena.

The tension does reflect [...] a real ambivalence of the Fair Trade Labeling Model, one that acts both inside and outside the market, a contradiction between the identity of the groups linked to activism and their reality as business. Indeed, “equity” products respond to commercial logic from the moment of their insertion into the market: what is “ethical” is a selling point and profits come from the social significance the products carry. That is, these products occupy a niche in the market, but this niche also responds to a logic contrary to market logic in that the way it escapes purely mercantile considerations (Renard, 2003: 92).

This ambivalence between the militant identity and the reality of the business does not limit itself to the labelling strategy. Specialised fair trade shops also occupy a place in the market, and are therefore subject to a typical commercial logic that has modified their relationship with the conventional market:

“Ironically since World Shops, which form a large part of the social base of alternative trade organizations (ATOs), have seen their sales double and even triple as a result of the advertising and national labelling campaigns, they have been pushed to become more efficient and are less inclined to criticise business practice as in the past” (Thomson, 1995, cited by Malservisi and Faubert-Mailloux, 2000, our translation).

In short, whilst seeking to utilize trade for militant ends, doesn’t the fair trade movement inevitably run the risk of diluting its own cause for commercial ends? Partnering with conventional economic actors already requires compromises between ethical principles and commercial considerations, and one can fear that the search for an even larger market presence may be achieved at the detriment of the values and the ideology of fair trade (Renard, 2003: 92). The second danger is the recuperation of that ideology by the large actors within the conventional market who, interested in the growing segment of responsible consumers, decide to offer their own “fair” trade products without necessarily responding to the strict requirements defined by the movement. As is already the case in the alimentation sector where all sorts of labels proliferate, the multiplication of fair trade labels risks causing confusion and undermining fair trade. This is the reason why the movement is pressuring for the fair trade label to be

protected by official institutions, as is the case for certified organic. In fact, these questions highlight the concerns caused by the institutionalization of fair trade, an institutionalization that no longer solely operates in the political sphere as envisaged by the traditional and new social movements, but also in the economic sphere, thus justifying the notion “new social economic movement”.

## **The Institutionalization of New Social Economic Movements**

Over the last years a new mode of social action has interested many researchers: the use of economic mechanisms to respond to social demands. Micheletti, for example, developed the concept of political consumerism, whilst Cashore proposed the expression of Non-State Market-Driven (NSMD) Governance Systems to explain the systematisation of economic forms of social pressure. Thus, following the new social movements which enlarged their action beyond the political sphere to the social sphere at the end of the 1960s, today's social movements focus primarily on the economic sphere (Gendron, 2001). To reinforce the actionnalist heritage of our theoretical perspective, we have chosen to develop the concept of the new social economic movement. We present it as a new generation of the social movement not in its essence as such but more through its methods of action, which involves different tools that have become refined and diversified over the years. Boycotting campaigns have been replaced by buycotting strategies (Micheletti, 2003) based not only on the education and awareness of consumers, but also on measures of traceability and labelling. Initiated by religious communities, ethical investment and its strategy of negative filtering in the selection of investments or threats of disinvestment have opened the way for socially responsible investments based on both filters and dialogue with enterprise directors. In both cases, we observe that social movements use economic status (consumer or investor) for pressuring the enterprise socio-politically. They adapt the economic mechanisms, modelling them according to their values. In short, the entry of social movements into the economic sphere leads to a redefinition, a re-politicization and a re-socialisation of economic transactions, thus recuperating its status as a real social relationship so that it may be analysed and judged as such.

It is interesting to note that the entry of social movements into the economic sphere is concomitant with the sudden preoccupation that companies have had over the last few years for their social responsibility. Marginal during the late 1970s, the reference to social responsibility regarding the activities of enterprises in the public sphere has become the rule (Starck, 1993). We no longer count the number of initiatives taken by enterprises to demonstrate their social responsibility and their corporate citizenship. The value of this process depends however on the credibility of the enterprise. Only alliances with groups of civil society may guarantee, in the eyes of the public, the veracity and legitimacy of enterprises socially responsible actions that exceed their original mandate to make profits. Thus in the forestry sector for example, the enterprises certified ISO 14 001, an essentially industrial norm, will aim towards sustainable management of their forests in order to qualify for the FSC certification, a more demanding norm developed by NGOs (Maurais and Lafrance, 2003). In the textile sector some enterprises try to obtain the SA 8 000 certification to demonstrate their respect of fundamental human rights and worker rights, and to prepare themselves for verifications by local NGOs (O'Rourke, 2000). Far from isolated examples, these two cases demonstrate a new dynamic of structuring the market by values. Social responsibility has become more than a differentiation criterion in terms of marketing; by extending into the socio-political scene it has become the necessary ingredient to legitimise companies whose sphere of influence has expanded towards commoditising social issues (Champion, 2003).

The incursion of social movements into the economic arena thus appeared to be a countermeasure of the commoditisation processes that was penetrating the most hidden spheres of our lives - political consumption takes root in consumer societies. However this incursion is also linked to the transformation of regulatory methods inherent in the process of globalisation and the redefinition of official institutions. Responsible consumption is often presented by actors within the social movement as the most efficient means to state ones beliefs considering that we consume everyday but only vote once every four years<sup>18</sup>. In addition, responsible consumption permits the influence of practices beyond national jurisdictions, allowing for a real globalisation of social mobilisation. However political consumption is not an alternative to traditional political

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<sup>18</sup> Words of Laure Waridel in the video *Le café à saveur équitable* (Gutierrez, 199\_).

action; it is used as a complementary strategy to more traditional forms of political activity, with responsible consumers also being highly active citizens within traditional political institutions (Stolle, Hooghe and Micheletti, 2003). In short, it isn't the consumer which takes the place of the citizen, but rather the citizen who stands behind the consumer, with the limits and the potential that this status offers. In addition, political consumerism is also based on a system of traceability and labelling which requires the intervention of the State to incorporate fair trade conditions within existing economic mechanisms and institutions, thus "political institutionalization" is needed to support the "economic institutionalization".

Thus continuing with the remarks of Offe (1985) who states that citizens seek to construct political action within the society in order to express unsatisfied demands on the nation state through new social movements, new social economic movements become a means for citizens to construct political action within the market where unsatisfied demands on the political system can be expressed in the era of globalization. In addition, following from Eder who argues that new social movements have transformed public space with a new logic of institutional action that supports forms of auto-organisation beyond the State, we can note that new social economic movements are transforming economic space with a new logic of action that supports forms of auto-organisation in the market within which the institutional system must position itself. In light of this theoretical perspective, one can reflect on the most recent evolutions and tensions which exist within the fair trade movement at a time when several fear that fair trade is becoming a degraded form of its original self and loosing its power of transformation.

Together with shareholder activism, fair trade is certainly the most symbolic of the new social economic movements. As for other movements, its action cannot be uniquely seen in economic terms because it is principally in the social and political spheres that it draws its *raison d'être*.

Limited to a strictly economic analysis, some authors conclude that fair trade, based on its very modest market share, plays a marginal role (Perna, 2000: 365). Whilst we cannot ignore fair trades market share when evaluating its impact on North-South relations, other parameters, like the impact on the workforce, show the ratio of fair trade to international trade as being not 1 to

10 000 but rather 1 to 150 (Perna, 2000: 360-361). In our opinion, the real impact of fair trade on international trade is best demonstrated using qualitative rather than quantitative terms.

[The impacts of fair trade] go well beyond its own sales...] [It's] a permanent educational campaign so that consumers pay a just price for the products they buy, where social and environmental costs are included in the price, and working and social conditions as defined by ILO norms are respected (Bowen, 1997). (Barratt Brown and Adam, 1999: 116, our translation).

The existence of fair trade itself serves as an ethical reference, fixing the standards of social responsibility by which large enterprises and their operations are now judged. The more we educate Northern consumers about international trade issues and North-South inequalities, the more important this normative role becomes.

Its power [the power of fair trade] clearly emanates from the social relationships that sustain it, which are its social capital, and from the strength of the label, its symbolic capital. [...]

It is essential, therefore, to preserve the relationship between the “equity” market and the social organizations that incubated it. “Without the original linkage to social movements, alternative products lose their capacity to affect consumers’ and producers’ identities, and therefore the capacity to generate social change” (Brunori, 2000). (Renard, 2003: 94).

The qualitative impact of fair trade is therefore tribute to the work of militants who dedicated themselves to education campaigns, and can thus be measured in terms of notoriety rather than market share. In this regard, it is interesting to note that the rate of awareness has often exceeded 50% in certain countries even reaching 80% in Holland.

However this capacity is also intrinsically linked to the performance of fair trade with regards to its main objective: the development of Southern communities. One must note that only a small number of Southern producers have access to the fair trade network, and that often only a part of

their production is distributed as fair trade. This portion of their product sold through the fair trade market provides stability, the ability to foresee revenues, to often access pre-financing, and to receive a prime that can be reinvested in producer organisations and the development of their community (Barratt, Brown and Adam, 1999: 115). The price offered within the fair trade network can also have an effect during a rise in the average price offered to producers in the traditional market. However the impact of fair trade goes beyond the prime offered for fair trade products. Integration in the network demands organisational criteria such as democratic organisation as well as reinvestment in individual development, the organisation and the community. These requirements strengthen producers, placing them in a better position to negotiate with their traditional intermediaries, or even to bypass them in certain cases (Auroi, 2000: 205). Finally, integration into the fair trade network often allows access to new techniques and knowledge, improving production quality and reinforcing the competitiveness of producers in the market. These advantages all contribute towards empowering Southern producers and improving their position in the international marketplace. But is this the only ambition of fair trade? This would mean that fair trade is only a tool for correcting market imperfections which restrict Southern economic actors from fully benefiting from free trade (Perna, 2000: 363-364).

By fixing the objective of aiding neglected Southern communities through the establishment of more just commercial rules, fair trade raises certain fundamental questions. The first is to know if development necessarily occurs through trade. By emphasising exclusively the reinforcement of the trade positions of Southern producers, doesn't fair trade risk deepening the actual inequalities of international trade, encouraging specialisation and dependence on cash crops at the expense of food crops? Must fair trade continue encouraging a commercial situation where Southern countries supply exotic products to Northern ones at the detriment of their own food security? Finally, what position should fair trade take regarding the transport of food products over long distances within the perspective of sustainable development? Divergent opinions within the movement regarding these questions highlight the tensions between its "militant" and "commercial" wings. For many, fair trade must above all be thought of in terms of local development, favouring "local commercial flows, as demonstrated in the criteria proposed by certain certifying organisations. The impacts may also be seen over the long term with the progressive detachment of exportation dependence, and therefore on fluctuations and variations

in demand from foreign Northern markets" (Bucolo, 2003, p. 115). Thus we can understand initiatives like Comercio Justo, a Mexican fair trade label for Mexico, and also make a beneficial comparison between the fair trade movement and Northern initiatives such as community supported agriculture. In summary the question is:

How can one not be an accomplice to the great world bazaar? This is where the great challenge of fair trade resides. In a way it should aim to destroy itself, in the sense that it should contribute towards the reconstruction of broken Southern societies and encourage, for example, the re-conversion of speculative crops delivered by world commerce towards food crops necessary to feed famished local communities. Also, it must incite the craft industry to respond to the needs of local clients rather than exporting their trinkets to Westerners thirsty for exoticism (Latouche, 2000: 352, our translation).

The fair trade movement could address these delicate contradictions by accompanying its action with a reflection on its objectives and the ways it intends to achieve them. Considering its roots in the social movement with its social-political character, such a reflection cannot be avoided. Some fair trade organisations are already doing this such as Équiterre<sup>19</sup>, who made the deliberate choice to not promote the importation of certain food products that are produced in Québec and respond to 3N-J principles: Nude, Natural, Not-far and Just<sup>20</sup> (Waridel et al., 1998).

In short, one must recognize that the incursion of militant action in the economic arena is not without risk, and that commercial logic may alter social movements. However the inverse is also true: the market can be transformed by the entry of new actors responding to different market logics and free from a typically economic rationality. Following the example of other new social economic movements, fair trade contributes towards the ethical ordering of the market by imposing a framework of reference which will inevitably confront traditional economic actors. Fair trade criteria also impose themselves as the criteria to which many enterprises engaged in international trade and claiming to be responsible should aim for and to which they will be

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<sup>19</sup> Équiterre is an NGO from Quebec which is dedicated to building a citizens' movement by promoting individual and collective choices, such as fair trade, that are both environmentally and socially responsible. (Équiterre, s.d.)

judged. Briefly, fair trade transforms economic institutions, seeking to institutionalise its economic governance whilst its actors demand greater equity in North-South exchanges. It is therefore not the institutionalization of the movement as such which poses a problem for certain factions of the movement but rather how this should occur; whilst a certain faction of militants perceived as more radical wish that the institutionalization restrict itself to political institutions thus remaining marginal from the economic point of view, the majority appear committed to the idea of an “economic institutionalization”, with the risk that capitalism and its key actors recuperate it. Balancing this double institutionalization is certainly the greatest present challenge of the fair trade movement which draws an unquestionable force from its unity.

## Conclusion

During the era of trade liberalization and globalization a new form of social action has emerged to find, in the economic sphere, a way of expressing demands that are not addressed by official national authorities. The transformations caused by this social action are evident, not just through the implementation of public policies, but in the economic system too. Even if the market continues to function according to certain immutable logics, like profit maximisation, it and its actors are no less transformed by the actions of these new social economic movements.

The emblematic figure of this new generation of social movements is fair trade, which focuses its demands around a more just and advantageous trading system with Southern countries. Since its institutionalization in the 1990s, fair trade has become a true commercial system which questions as much as it renews the traditional economic system, whilst offering producers up to double for their harvest. This system drains the opportunistic competitive ideology through which the dominant economic actors justify offering ridiculous prices to Southern producers. However these same actors are now adapting in order to reach the consumer niche conscious of ethical issues. This “economic institutionalization” worries a fraction of the fair trade movement who see it as a recuperation which dilutes their message of justice and weakens, if not destroys, fair trades power to transform. Whether political or economical, this institutionalization is able to

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<sup>20</sup> According to these principles, one should favor products without packaging (Nude), organic (Natural), produced

transform, and as demonstrated in studies on working-class movements, it does not destroy the social movement of which it is the motor even with the modification of its discourse and strategies.

In this perspective one must understand the current tensions within the fair trade movement; it is not the actual institutionalization of fair trade which is being debated, but rather the challenges inherent in finding an economic institutionalization acceptable to social economic movements. However this institutionalization does not replace political institutionalization and the transformations which it entails do not manifest themselves in the same manner. One cannot deny that even if new social economic movements like fair trade may produce less spectacular transformations than an improbable revolution of international commercial rules and worldwide economic governance, they are no less able to evoke transformations. Thus, companies must now work with a definition of their social performance fixed not only by their public relation specialists, but also by a myriad of NGOs comprising of as many Southern actors as Northern militants. The new social economic movements also participate in an ethical ordering of the market, such as fair trade through which the treatment of Southern producers can be used as a commercial differentiation factor. Trade logic and social responsibility can thus converge whilst supporting strategies for more political institutionalization, and reinforce the process of transforming the rules of international trade.

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locally (Not-far), and produced according to fair trade criteria (Just).

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