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Growing Pains: Scale and Mission in the Fair Trade Textile Sector

A Thesis

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BY

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ABSTRACT

This thesis examines the recent incorporation of factory production into fair trade textile production via a new fair trade certification program called the Apparel and Linens Program, launched by FairTrade USA. I argue that this expansion in the scale of production results in a dilution of fair trade's commitment to improve the livelihoods of producers. To illustrate this argument, I first draw upon Polanyian and Marxist theories in order to theoretically ground the foundations of fair trade as well as its current trajectory. Additionally, I incorporate interviews, which I conducted at textile cooperatives in India, along with a content analysis that compares the Apparel and Linens program to the Fair Trade Federation's Code of Practice, and a discourse analysis of the fair trade marketing campaigns of two large clothing corporations, Prana and Eileen Fisher. I conclude that the shift in property rights that takes place in the transition from cooperative to factory production results in a less beneficial arrangement for producers, who were once central to fair trade's mission

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ABBREVIATIONS

FTF	Fair Trade Federation
FTUSA	Fair Trade USA
ALP	The Apparel and Linens Program
FLO	Fairtrade Labeling Organization
IFTA	International Fair Trade Association
EFTA	European Fair Trade Association
WFTO	World Fair Trade Organization (formerly IFTA)
NEWS	Network of European World Shops
FINE	F airtrade Labeling Organizations International, I nternational Fair Trade Association, N etwork of European World Shops, E uropean Fair Trade Association
MHI	Marketplace Handwork of India

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CHAPTER ONE

INTRODUCTION AND HISTORY

1.1 Introduction

The fair trade movement represents a strand of market-based social justice, which promotes ethical consumption choices by wealthy consumers in the Global North (Europe, Canada, Australia, and the US) as an effective means to alleviate poverty in marginalized producer communities in the Global South. Fair trade is officially defined as:

A trading partnership based on dialogue, transparency, and respect that seeks better trading conditions for, and securing the rights of, marginalized producers and workers, especially in the South (Marston p. 2).

In other words, fair trade organizations facilitate channels of exchange in which goods from the Global South are transferred to the Global North. These trading arrangements operate according to a set (s) of fair trading practices, which seek to deliver greater benefits to economically marginalized producers in the Global South.

Yet, this movement, with humble roots in the efforts of religious organizations, has now evolved into a burgeoning 6 billion dollar industry (Clark and Walsh 2012). Various changes in fair trade policy, some of which will be summarized in this thesis, have enabled this exceptional growth. This thesis is specifically focused on the fair trade textile sector, which has recently undergone a significant transformation in the scale of production, incorporating large-scale factories into a sector that previously consisted of small-scale producer cooperatives. I argue that the shift towards factory production favors the growth of the scale of production over fair trade's commitment to improve

the livelihoods of marginalized producers because it shifts the property rights from the producers to capitalists (investors, factory owners, or other stakeholders).

To understand this transformation, we must examine the fair trade cooperative and factory structures. Producers who are members of a cooperative collectively own the means of production, which Marx (1906) defines as “the instruments of labor, the raw material, and the auxiliary substances consumed within the course of a year” (p. 620). Under this arrangement, the producers have significant control over the production processes and participate significantly in decision-making regarding production. In addition, because they collectively own the means of production, they are not subject to exploitation by a capitalist, the owner(s) of the means of production.

In contrast, fair trade factory workers are wage laborers, who do not have any ownership of the means of production (Meiksins Wood 2002). Therefore, they are at the mercy of the capitalists and are consequently more vulnerable to exploitation, unemployment, and abuse. While the fairtrade certification promises the workers living wages and safe working conditions, they are not as instrumental in setting these wages and making decisions regarding production as cooperative members. This relative difference in producer power results from different approaches to property ownership in the two production structures.

Regarding wages, fairtrade factory workers must be paid at least the minimum wage as determined by location or the wage agreed upon by a collective bargaining agreement, if applicable (FTUSA Obligations of CMT Facility 2009 p. 8). In addition, the factory workers organize a committee that decides how to allocate the fair trade premium. On the other hand, the Fair Trade Federation (FTF) Code of Practice (2009)

states that “ Fair trade empowers producers to set prices within the framework of the true costs of labor time, materials, sustainable growth and related factors” (p. 5). While these approaches to determining wages may seem similar, they are actually quite different. A union certainly has the ability to participate in collective bargaining to set wages, but unionization in and of itself is a privilege that is granted to workers in order to mitigate the vulnerability that results from their dependence on wages and lack of ownership of the means of production. In a cooperative, where the producers are themselves the owners of the means of production, a union or a collective bargaining agreement is not necessary.

Moreover, cooperative members are involved in decision- making regarding production. For example, at one cooperative discussed in this thesis, members participate in collective meetings to discuss various issues regarding production, and they also elect members to serve as representatives on the board. This differs from the factory workers participation in the fair trade premium committee or a union because the cooperative members are not organizing in order to defend themselves from exploitation; they are actually determining the trajectory of production. In sum, the cooperative structure eliminates the need for unionization because the cooperative members collectively own the means of production.

This thesis examines the transformation in fair trade production in four distinct parts. First, the present chapter provides a brief historical analysis of both the fair trade movement as well as of production regimes from WWII to the present, which explains the conditions that spurred rise of the ethical consumption movements such as fair trade. In Chapter Two, I present a theoretical framework that allows us to understand

the motivation for the creation of the fair trade movement as well as its current growth-oriented trajectory. In addition, I introduce the two textile cooperatives that I researched in India as case studies. Chapter Three expands on the case studies and also provides a comparison between the new ALP factory standards and the more traditional Fair Trade Federation (FTF) standards followed by the cooperatives. Finally, Chapter Four looks at the discourse surrounding fair trade, which has effectively hidden the less glamorous aspects of the incorporation of factory production, allowing it to appear as a positive change. In this section, I focus on the fair trade marketing of two large clothing corporations, Prana and Eileen Fisher, to illustrate how the underlying labor conditions that accompany the expansion of fair trade textile production are not divulged to consumers.

Through this comprehensive analysis, it becomes clear that fair trade's new path in the textile sector favors increasing the scale of production over its commitment to producers in the fair trade network. But before we can look at the implications of the shift in property rights or the discourse, which invariably paints a favorable picture of fair trade production, we must look back at how it all began. The following sections explain the history and evolution of both fair trade and post-war production, which have led fair trade to its current configuration.

1.2 Fair Trade

The fair trade movement's roots lie in the efforts of alternative trade organizations (ATOs) founded by Mennonite and Brethren communities. The term "alternative trade" signifies a process that uses channels outside the mainstream

market to create linkages between producers in the global South and consumers in the global North (Davenport and Low 2005, Renard 2003). These religious organizations purchased crafts from producers in developing areas and sold them to their local congregations in order to generate revenue for the impoverished producer communities (Grimes and Milgram 2000). One well-known alternative trade organization, Ten Thousand Villages, was founded by Mennonite group in 1946. Since its inception, it has expanded significantly, and it currently, comprises more than 200 retail stores worldwide. Another large ATO called SERRV (Sales Exchange for Refugee Rehabilitation and Vocation) was founded in 1949 by members of the Church of Brethren who decided to sell crafts made by refugees in post-WWII Europe in churches in the US. Similar to Ten Thousand Villages, SERRV now sells products from all over the global South in over 3000 Catholic and Protestant churches, retail outlets, and magazines (Marston 2012).

The fair trade market also exhibited major growth in other sectors, particularly coffee. In the 1970s and 1980s, fair trade activists began to focus on food commodities and to develop models that allowed customers to recognize fair trade items. In 1988, the first fair trade certification label called Max Havelaar was used for coffee, and as a result, the fair trade market expanded internationally (Raynolds, Murray and Taylor 2004). Lyon (2006) notes that the advent of Max Havelaar also marked a significant divergence from the traditional 100% fair trade model; with the new labeling system, large coffee roasters could gain access to the label by producing only a fraction of their total volume in compliance with fair trade standards (p. 454).

As a result of this expansion of the fair trade market via fairtrade certification, new fair trade networks developed including the European Fair Trade Association (EFTA), the International Fair Trade Association (IFTA, which is now the World Fair Trade Organization or WFTO), and the Networks of European World Shops (NEWS). In 1998, the Fair Trade Labeling Organization (FLO), along with IFAT (WFTO), NEWS, and EFTA converged to form the umbrella organization FINE, which seeks to provide strategic leadership within the fair trade movement (Fisher 2009, p. 988).

However, fairtrade certification is often a contentious topic for Northern fair traders because on the one hand, traditional fair traders strive to create alternative trading systems focused on building producer capacity and equitable trading partnerships. On the other hand, another group of fair traders, who are driven by the potential for market growth, are completely supportive of the certification process and see their mission as one based on carving out spaces in the market for the insertion Southern fair trade products to promote the “growth of the ethical consumer” (Marston 2012 p. 3).

This rift in the fair trade movement is exemplified by the 2011 split of *Transfair*, a US-based fair trade labeling organization, from the central Fairtrade Labeling Organization (FLO). After the split, *Transfair USA* changed its name to *Fair Trade USA* (FTUSA) and decided to pursue its own third party certification system for textiles under the name of the Apparel and Linens Program (ALP), which is the primary focus of this project and will be discussed further in Chapter Three (Littrell and Dickson 2010, ftusa.com). A FTUSA representative claims that this expansion of the scale of textile production will extend the reach of fair trade’s benefits to more producers. Moreover,

she expressed her wish to see a “fair trade choice in every store” (Kuck 2010 p.1). Although the potential for people to lead fair trade lifestyles in the future sounds appealing, this new arrangement set forth by FTUSA’s ALP did not sit well with other fair trade organizations. In a statement, the World Fair Trade Organization (WFTO) claimed that Fair Trade USA’s split from the FLO was a “strategic move to incorporate factories and plantations,” which places competitive pressures on current producer cooperatives (fairworldproject.org 2011). This theme will be discussed in greater depth in Chapter Three.

The strategic importance of incorporating factories into fair trade production lies in the fact that it allows for an increase in scale of production. Harvey (2011) claims that competition in the capitalist market mandates the increase of scale of production, and initiatives to increase scale, especially from the post WWII era to the present, are important to understanding the current pressures to increase the scale of production of fair trade textiles. These historical shifts in production, and subsequently consumption, have paved the way for the genesis of the fair trade movement through a massive increase in the scale of production, more precarious conditions for workers in the developing world, and the rise of the mass and now “ethical” consumer.

1.3 Post- War Production: A Brief History

In the *Condition of Postmodernity* (1990) David Harvey argues that since the post WWII economic boom (1945-1973) there has been a significant change in the “regime of accumulation,” which he defines as

The stabilization over a long period of the allocation of the net product between consumption and accumulation; it implies some correspondence between the

transformation of both the conditions of production and the conditions of reproduction of wage earners (p. 121).

In other words, the social arrangements under which the labor force works, earns wages, and consumes have evolved, and Harvey (1990) describes this change as a transition from the regime of Fordism to that of flexible accumulation (post -Fordism).

Fordism refers to the production regime established by Henry Ford, in which factory workers performed stationary assembly line work, earned high enough wages to be avid consumers, and also had relatively strong unions (at least for the most privileged of the workforce). In contrast, flexible accumulation refers to an uncertain and ephemeral type of production regime, characterized by part-time, temporary, and contract work where the labor unions, if they even exist, have considerably less power. This transition comprises a shift in the balance of power between labor, nation states, and the private sector, which eventually created conditions in which initiatives such as fair trade thrive (Harvey 1990 p. 125,135, 147). We will see this process unfold through a closer look at Fordism and the subsequent processes that led to the development of the flexible accumulation production regime.

1.3.1 Fordism

Harvey (1990) explains that Ford's production model focused on mass production but that Ford also recognized that in order for mass production to be profitable, mass consumption of these products was also necessary. Therefore, Ford implemented the 8 hour, 5 dollar day not only to appease the labor force, but also to provide them with a salary, conducive to mass consumption (p. 125-126). Ford staged a campaign to essentially create households based on mass consumption patterns, which

assigned the role of primary mass consumer to the female (Harvey 1990 p. 126, Fine and Leopold 2002 p. 69).

However, as previously stated, the expansion of Fordism required a specific balance of power between nation states, corporations, and the labor force, which was not achieved until after WWII. Under this arrangement, nation states exercised fiscal and monetary policy to curb business cycles, invested in entitlement and social programs such as social security and welfare, and protected the wages and rights of workers. This state intervention led to the creation of a social contract between the labor force, corporations, and nation states, under which workers were disciplined to life as workers in monotonous factory jobs and had little control over the “design, pace and schedule of the production process” (pg. 128). In return, corporations accepted union power, especially regarding demands for increased wages upon demand for increased productivity. Under these conditions, Fordism boomed and industries such as ship-building, transport equipment, steel, petrochemicals, rubber, consumer electric goods, and construction experienced rapid growth (Harvey 1990).

However, the balance of power exhibited throughout the Fordist years became increasingly difficult to achieve because eventually, the scale of production also increased in geographic terms. Therefore, as production traveled abroad, it became difficult, if not impossible for nation states to exercise control over production (Smith and Dennis 1987, Shorette 2011). This decline of nation state intervention paved the way for the transition to a flexible accumulation regime under post Fordism.

1.3.2 Post-Fordism

The economic growth under these Fordist- Keynesian policies, also called *embedded liberalism*, eventually declined as a result of a crisis of over accumulation. Harvey (2011) explains that the element of competition inherent in capitalism requires capital to be reinvested and grow at rapid rates, which necessitates new areas to absorb the excess capital. If excess capital is not able to be reabsorbed, then the capital becomes devalued in forms such as “deserted and abandoned factories, empty office and retail space, surplus commodities (things that are bought and sold for money) that cannot be sold, money that sits idle earning no rate of return, declining asset value of stocks and shares, land, properties, art, etc.” (p. 45-46). Additionally, due to both substantial growth and lax monetary policy (resulting in the excessive printing of money), the US experienced a crisis of inflation in 1973, which ultimately put an end to the Fordist-Keynesian era (Harvey 1990).

To remedy this financial crisis, the ruling elite sought a new economic structure that would transform the balance of power exhibited by the Fordist- Keynesian period of embedded liberalism. This strategy, also known as neoliberalism, was set forth by a group of prominent economists and historians including Friedrich Hayek, Ludwig Von Mises, and Milton Friedman. Unlike the previous regime of embedded liberalism, neoliberalism is opposed to state (federal and local government institutions) intervention and emphasizes the importance of private property, and individual and corporate freedom (Harvey 2007 p. 19-21). This shift in economic ideology had significant impact on the landscape of production, which include an increase in

geographic scale and the introduction of new and detrimental social conditions for the labor force.

Due to the excess capital within US borders, corporations sought to expand markets for labor and commodities abroad (Harvey 2011, Smith and Dennis 1987). Therefore, markets that were previously located within regional or national borders, expanded internationally, increasing significantly the geographic scale of production (Smith and Dennis 1987, p. 170). In addition to the increase in geographic scale, the transition to neoliberalism also carried with it a new set of circumstances for the labor force, which Harvey (1990) refers to as “flexible accumulation.” He states that

Flexible accumulation rests on flexibility with respect to labor processes, labor markets, products, and patterns of consumption. It is characterized by the emergence of entirely new sectors of production, new ways of providing financial services, new markets, and above all, greatly intensified rates of commercial, technological, and organizational innovation (p.147).

This arrangement is advantageous for employers, who are able to take advantage of high unemployment rates as well as to push nation states to agree to weaker trade unions, more flexible contracts, “over-working” employees, part-time work, and diminished union power (p.150). However, these circumstances result in the labor force accepting dismal labor conditions and prospects, especially for workers in developing countries.

These situations have not gone unnoticed and have given impetus to movements such as fair trade (Lyon and Moberg 2010). With the growing prominence of individualism under the neoliberal regime, the responsibility to remedy global problems was placed on individuals (Carriere 2010 Low and Davenport 2007).

Moreover, individual consumption is a way for post-Fordist consumers to express their

individuality, which gave rise to the popularity of fair trade and “ethnic” products (Harvey 1990 p. 156). While fair trade claims to combat the effects of the transition to flexible accumulation and neoliberalism, it actually fits neatly within the neoliberal agenda due to its reliance on individual rather than collective actions and regulation led by transnational private, rather than state (local and national government) institutions.

1.4 Global Governance

As a result of the increase in geographic scale of production, governance by national and local state institutions diminished and was replaced with governance led by private global institutions (Shorette 2010, Lyon and Moberg 2010). The term “global governance” refers to this transfer of global regulatory power from state to private institutions. This shift is exemplified by the emergence of a new set of global economic standards in the 1980s, set forth by the IMF and the World Bank, which marked a transition from state to private economic governance. These financial institutions both created and managed the debt of the developing world, resulting in the implementation and enforcement of free market policies that fortified the powerful position of the first world and left the developing world in a state of perpetual debt and dependency.

By circumventing state regulation in exercising global economic governance, these institutions were able to impose a new global regimen based on neoliberal values, forcing the developing world to engage in mass privatization, market liberalization, deregulation of their labor force, and the formation of export-oriented economies (McMichael 2011 p. 115-117). Similar to the standards set forth by the IMF and World Bank, fair trade certification can also be viewed as a form of market-based global

governance, which creates a global “fairtrade” standard, outside the sphere of local or national government regulation.

In this sense, the private fair trade certification supplants arrangements, similar to those that existed under Fordism, which exhibited greater intervention by the nation state in order to grant workers with more power (i.e. the right to unionize). As we will see in this analysis, the entrance of the proliferation of fair trade textiles into the mainstream capitalist market, via fairtrade certification, causes fair trade participation to become more conducive to large-scale corporate actors and less accessible to the small-scale producers that were once at the center of fair trade’s mission.

1.4.1 Towards an Analysis of Fair Trade Textiles

Through these brief analyses of fair trade and post-war production, we can identify a common theme that is especially relevant to the argument at hand; the increase in the scale of production is accompanied by a decrease in benefits to the worker. In the case of fair trade, the expansion to factory production shifts property rights from the worker to an owner of the means of production and drastically decreases the amount of power that the producers have over the production process. Likewise, the turn towards neoliberalism and the opening of international trade led to a massive increase in the geographic scale of production.

This increase in scale, accompanied by the transition to the regime of “flexible accumulation” created a global labor force dependent on flexible contracts and subject to dismal working conditions. While ethical consumption movements such as fair trade attempt to improve the prospects for marginalized producers, fair trade’s compatibility with privatized global governance, dependent on the capitalist market imperatives

(competition, profit maximization, accumulation, and labor force exploitation), undermine these efforts (Meiksins Wood 2002 p.24). Therefore, major tensions arise between the desire to improve the livelihoods of producers and the need to respond to pressure to increase the scale of production at the expense of the producers. Using this information as a foundation, we can now begin to proceed to the analysis of the fair trade textile sector.

1.5 Part II: Research Methodology

1.5.1 Data Collection and Analysis

The primary data used in this project was collected during six months of research on fair trade textiles at a fair trade clothing company in Chicago (Company X) as well as at two textile cooperatives in India. One of my primary interests was learning about the interactions and relationships between Company X and its producer partners. In addition, I conducted interviews with the owners of Company X regarding their feelings about the mainstreaming of the fair trade textile sector via FTUSA's ALP. I then traveled to India to gather qualitative data at two cooperatives at the opposite end of the supply chain. During my stay at these cooperatives, I performed quality control checks on Company X's products, and I also observed daily operations and conducted interviews with the administration regarding the ALP.

I choose to interview the upper level administration in India and the owners of the fair trade company in Chicago because they have the clearest sense of how the ALP affects the fair trade cooperatives as well as the fair trade movement as a whole.

Because the program is so new (2009), it will be more beneficial to study the impact, if

any, on the cooperative members and fairtrade factory workers, rather than just the administration, at later time. Moreover, I not only felt that interviewing the cooperative workers did not inform my research at this point, but I was also uncomfortable approaching them for a formal interview. Since I was officially representing Company X while doing my research,¹ I felt as though my presence caused a certain level of insecurity among the workers, and I did not want to heighten the discomfort by requesting interviews. After all, my role for Company X was to perform quality control checks; therefore, I was essentially sent to monitor their work and ensure that their products met Company X's quality standards.

I felt as though my dual role as a quality control representative and researcher created a certain level inequality between the cooperative members and myself, and it led me to think about the relative inequality in the fair trade network on a larger scale. Although this trading partnership is considerably more equitable and personal than conventional trading contracts, I still felt that my role in quality control created a certain level of inequality. Therefore, I opted to conduct interviews with the administration, with whom the power differential was not nearly as significant.

The responses to the interviews conducted in India explain the general structure, benefits, and operations of the cooperative: moreover, they provide insight into the difficulties that arise from cooperative production as well as the impact of the recent mainstreaming strategy, discussed extensively in this project. On the other hand, the interviews with the owner of Company X reveal the challenges and successes that it experiences as a result of employing unconventional cooperative production.

¹ Although I was a representative of Company X, my research was completely independent, without any influence from Company X.

Additionally, she discusses the impacts of the ALP on her business and expresses concern with the new trajectory of fair trade textiles.

In all of the interviews, I noticed a significant sense of worry, frustration, and uncertainty about the new ALP initiatives, yet nobody expressed a sense of impending defeat or absorption by mainstream capitalist production...at least not at this point. For this reason, the effects of the ALP on fair trade textiles should be studied in greater depth in the upcoming years. Yet, These interviews provide accounts from current actors in the fair trade network and support the empirical analysis of fair trade values discussed in Chapter Three.

The second set of data used in this project is a content analysis that compares the guidelines of the ALP with the membership guidelines of the more traditional Fair Trade Federation (FTF). The documents included in the content analysis include 1) the Fair Trade Federation Code of Practice, 2) FTC Apparel- Obligations of Buyers, and 3) FTC Apparel- Obligations of Cut, Make, and Trim (CMT) Facilities. These documents are available online on both Fair Trade USA's and the Fair Trade Federation's websites. The primary points of comparison are as follows: relationship between buyer and producer, audit and grievance process, ownership and structure (of production), and empowerment and capacity building strategy. This analysis shows that the ALP has diluted fair trade standards due to the change in property ownership over the means of production.

Finally, I conducted a discourse analysis in order to examine the portrayal of the transition from cooperative to factory production. In order to show this process, I chose two large clothing brands that manufacture a small fraction of their clothing according

to fair trade standards: Prana and EILEEN FISHER². Prana³ displays its fair trade information on its blog, dedicated to its ethical practices, while EILEEN FISHER's webpage called *Ampersand (&)*, explains all of the companies ethical programs, including fair trade. In addition, EILEEN FISHER created a series of four short videos dedicated to its work with fair trade textile production. I coded the blogs, articles, and videos in order to organize the information according to the following prevalent themes: the power of the individual, moral commodities, the global sisterhood, and community connections. These categories are emphasized in the fair trade discourse in order to appeal to ethical consumers, while the consequences of the ALP, which facilitates corporate participation, remains unmentioned. In other words, the consumers only see the glamorous aspects of fair trade partnerships with large corporations, leaving them with insufficient information to make informed consumption decisions.

1.5.2 Limitations

One limitation lies in the fact that this project is dedicated to the effects of the ALP in the fair trade textile industry and does not incorporate the testimonies of the workers, who arguably comprise the most essential component of the fair trade network. Because the ALP program is so recent, I decided to pursue an empirical analysis of the new fair trade textile certification standards compared with those of the

² EILEEN FISHER is capitalized when referring to the company. "Eileen Fisher" refers to Eileen Fisher, herself.

³ Prana does have certification through the ALP program, and EILEEN FISHER partners with Indigenous Designs, another fair trade clothing company, that is in the multi-stakeholder group responsible for the implementation of the ALP pilot program (ftusa.org).

Fair Trade Federation (FTF) in order to show how the ALP program changes fair trade standards at the policy level. Analyzing the impact of the ALP on cooperative members and fair trade factory workers is a direction to be pursued in future research after the program has been in operation for a longer period of time.

Another limitation of this project is that it only includes primary data from the cooperatives and the fair trade textile company in Chicago. As I expand this research, I would also like to collect additional data from fair trade factories as well as large corporations, including Prana and Eileen Fisher in order to create a more comprehensive analysis. However, despite its limitations, this study does provide insight into the evolution of fair trade's goals and policies as a result of the expansion in scale of production under the ALP. I believe that this research provides a solid foundation for further exploration into the fair trade textile sector.

CHAPTER TWO

THEORIZING FAIR TRADE TEXTILES

2.1 Introduction

Before looking specifically at the transitions taking place in the fair trade textile sector, I will begin by laying the theoretical foundations that will frame the analysis. Many scholars who study fair trade situate it within the context of two of Karl Polanyi's prominent theories discussed in his classic work, *The Great Transformation* (1944). The first is the concept of *socially embedded markets*, which argues against classical economic theory's assumption of an autonomous market system. Instead, Polanyi argues that markets are embedded into "the social, political, and religious landscapes of society" (Block 2001 p. xxii-xxiv). The second key theory set forth by Polanyi is the theory of *double movement*. This idea refers to the formation of self-protecting countermovements, led by society, to re-instate social safety nets that mitigate the effects of the commodification, or the process of becoming something that is bought and sold, of land (the environment), and labor (people)(Polanyi 1944 p. 71, Block 2007, Bugra 2007).

These theories are useful in gaining insight into the development of social initiatives, such as fair trade, which attempts to eliminate inequality in the global trading system. However, as Lyon (2006) reminds us, "embedded economic relationships are rooted in proximate contact, familiarity, and trust," and with production taking place on a global scale, this type of relationship is incredibly difficult to achieve (p.458). The purpose of this chapter is to discuss how Polanyi's theories relate to the fair trade textile sector, which despite the massive geographic distance

between producers and consumers, still succeeds in creating somewhat embedded trading partnerships. In addition, I will attempt to identify the characteristics of the capitalist market that are changing the nature of social embeddedness in the fair trade textile sector via the ALP program.

Section One explains both the relevance and the shortcomings of this approach; moreover, we will look at a contemporary example of socially embedded trading relationships in the fair trade textiles sector. From there, I attempt to fill in the gaps of the Polanyian analysis by incorporating a critique of the capitalist market, which aids in not only developing a more comprehensive explanation of the conditions under which fair trade operates but also in explaining why it has embarked on its current growth-oriented trajectory.

2.2 The Great Transformation/Socially Embedded Markets

In *The Great Transformation* (1944), Karl Polanyi explores the rise of what he terms the “market economy,” which is defined as an economic system that is “controlled, regulated, and directed by market prices...(where) order in the production and distribution of goods is entrusted to this self-regulating price mechanism” (p. 71). However, Polanyi argues that society was not always organized in this way. In contrast to the “market society” that emerges as an adjunct to the “market economy,” he argues that prior to the industrial revolution, market exchanges were embedded into the social relations of a given society (Block 2001, pg. xxiv). This concept is central to Polanyi’s analysis of the “transformation” from pre-industrial to post-industrial societies that became organized according to the principles of the “market economy” rather than

being absorbed into the social and economic life of a particular society (Polanyi 1944 pg. 72).

Polanyi (1944) explains that in pre-industrial societies, markets were socially embedded, and were often organized around three socially controlled economic principles: 1) reciprocity, where society performed market transactions based on mutual aid, 2) householding, which entails producing for one's own household or kin, and 3) redistribution, where resources are allocated by a central authority. He explains that these embedded principles governed both local and long distance trade only as long as trade was regulated on a local scale. However, the entrance of foreign merchants into international trade challenged these embedded principles by creating markets for foreign goods based on competitive pricing rather than reciprocity. Therefore, this type of international trade was outside of the realm of local regulation (p. 66-67).

He describes societies in Western Melanesia and the English countryside, which were organized according to these embedded principles. For example, societies in Western Melanesia engaged in a trading system, which was based on a reciprocal and symmetrical give and take between specific partners, without any incentive for profit. Additionally, the chief of the village stored the majority of the food and redistributed it to the community, which consumed it collectively. These socially embedded transactions are dictated by reciprocity and redistribution rather than merely price.

From Western Melanesia to the English countryside, markets were compatible accessories to social life. Under the feudal system, the use and allocation of land was determined by legal, customary, and institutional regulations outside of the sphere of

buying and selling. Likewise, labor was also embedded into the social organization of a given town, and both occupations and wages were determined by local standards. In addition, Polanyi explains that even though the mercantilist⁴ system, prevalent during this time, focused heavily on commercial activity, land and labor were still protected from commodification. For example, land was protected under the anti- enclosure policy of the Tudors and early Stuarts, which slowed the rate of the privatization and displacement of peasant populations (Polanyi 1944). Likewise, labor was protected from commodification by legislation such as the Statute of Artificers (1564)⁵ and the Poor Law 1601-1834,⁶ which placed the responsibility of providing relief to the poor with individual parishes (Bloy 2002).

However, as the title of Polanyi's classic work *The Great Transformation* suggests, a significant change took place in the relationship between society and markets. For Polanyi, the locus of this transformation is the English Industrial Revolution. He argues that due to the high expenses associated with increase in scale to large industrial production, the merchant must maintain large-scale and uninterrupted production in order to be profitable. This system required a massive pool of commodified or "wage" laborers, which was created by privatizing common land and displacing its inhabitants, leaving them dependent on wage labor for survival (Polanyi 1944, Harvey 2011, Meiksins Wood 2002).⁷ Therefore, land and labor needed to be available for purchase in order for industrialization to continue to increase in scale. To

⁴ Mercantilism- refers to a system of trade for profit, i.e. buy cheap sell dear. See Polanyi 1944, p. 70-74

⁵ Statute of Artificers- See Polanyi 1944, p. 90-91

⁶ Poor Law, See Polanyi 1944, p.90-91

⁷ Primitive Accumulation- See Harvey 2011, p. 58

Polanyi, this transition resulted in society becoming organized according to the principles of the “market economy,” in which markets are no longer absorbed into the social and economic life of a particular society (Polanyi 1944 p. 72). In other words, the rise of the “market economy” created a “market society” in which society becomes subordinated to the “market economy” (Meiksins Wood 2002).⁸

Yet Block (2001) reminds us we must not read Polanyi’s description of the rise of the market economy as an argument that this transition resulted in successfully disembedding markets from social relations. On the contrary, Polanyi explains that markets are always embedded into social relations, whether they are political, legal, religious, or customary etc. In this context, he claims that efforts to create a dis-embedded and self-regulating market are a “utopian project,” because these arrangements are also embedded into legal, cultural, and social institutions that allow for heightened authority of market mechanisms including price, supply, and demand (Watson 2006).

With this in mind, the question to ask is not *if* a particular market is embedded into social relations, but rather *how* a particular market is embedded and to what extent (Block 2007). Although markets are never truly dis-embedded from social relations, attempts to de-regulate or embed market transactions into arrangements that favor capital accumulation rather than the well-being of the population provoke society to generate self-protecting counter-movements, which Polanyi (1944) referred to as “double movements.”

⁸ Meiksins Wood disagrees with Polanyi due to his failure to address capitalist social relations in this transformation. See Meiksins Wood 2001, p. 24

2.3 The Double Movement

As previously stated, under this new market economy, commodification extended beyond the realm of material goods produced for the market and included three essential components of industry: land, labor, and money (their corresponding commodity terms being rent, wages, and interest) (Polanyi 1944 p. 72). Polanyi terms these the *fictitious commodities* because they are not intended to be bought or sold in the marketplace. However, under the new industrial system, both humans and nature were treated as ordinary commodities, wreaking havoc on the existing social order. Polanyi details the demolition of society under the “market economy” by explaining that this commodity fiction not only reduces man to merely his wage earning power but that it also causes “nature to be reduced to its elements, neighborhoods and landscapes to be defiled, rivers to be polluted, military safety to be jeopardized, and the power to produce food and raw materials to be destroyed” (1944 p. 76).

Yet, despite Polanyi’s grim assessment, this story does not end with society accepting their unfortunate fate under the rule of the self-regulating market. On the contrary, he argues that efforts to extend markets for genuine commodities, meaning those meant to be sold in the marketplace, are met with movements to restrict the expansion of markets into the realm of the fictitious commodities. In other words, society generates movements to re-embed markets into social relations or arrangements that protect land (the environment) and labor (people) from being treated as commodities. Double movements can take the form of laws or regulations imposed by governments or private global institutions, religious beliefs, ethnic solidarity, or alternative economic practices that provide the labor force with stability

(Polanyi 1944, p. 79, 152, Block 2007 p. 7). For example, this thesis situates fair trade within the context of a double movement, which attempts to provide marginalized workers with greater protection and more rights.

In *The Great Transformation*, Polanyi pays particularly close attention to two historical double movements: the Speenhamland system, which provided wage relief to the poor, and the Owenite movement, which experimented with cooperatively-owned production communities. Equipped with a brief description of these historical examples, we can then begin to create a contemporary analysis of fair trade in the context of a double movement.

2.3.1 Speenhamland

The Speenhamland system was a component of the Poor Laws, enacted in England between 1601-1834. During this time, markets for land and money already organized, whereas the competitive labor market did not yet exist. The Speenhamland system consisted of a wage scale, based on the price of bread, which was created under the premise that all members of society had a “right to live.” It was regulated by local parishes, which distributed the relief funds as needed. By providing a universal subsidy to the poor, the Speenhamland system essentially prevented the creation of a competitive labor market between 1795 and 1834, the most active years of the industrial revolution. Although Speenhamland was never actually signed into legislation, it became more or less recognized throughout the countryside (Polanyi 1944, Thompson 1963).

Although Speenhamland provided protection to the labor force in the form of a guaranteed wages, it eventually became problematic. Because subsidies were

distributed to everyone whose wages were less than required by the wage scale, employees had little incentive to work; therefore, both wages and labor productivity declined. Lower wages resulted in an increased dependence on the parish and the poor rates, transforming laborers into immobile paupers. Consequently, The Speenhamland system was abolished with the Poor Law Reform Act in 1834⁹ (Polanyi 1944 p. 86). Polanyi admits that due to the mass pauperization resulting from Speenhamland, the creation of the labor market was financially beneficial to “all who were concerned.” However, he claims that the financial benefits did not outweigh the social destruction that it produced (p. 81). His following quote describes the repeal of Speenhamland and the subsequent creation of the labor market:

“If Speenhamland had overworked the values of neighborhood, family, and rural surroundings, now man was detached from his home and kin, torn from his roots and all meaningful environment. In short, if Speenhamland meant the rot of immobility, now the peril was that of death by exposure (p. 85).”

Polanyi’s account reveals that the Speenhamland law attempted to resist the creation of the labor market through a paternalistic wage relief system that ultimately blurred the line between laborers and paupers. Yet, as the above quote illustrates, the creation of a competitive labor market stripped the labor force of the *right to live* and relegated humans to mere commodities, dependent on wages for survival (p. 106-107).

2.3.2 The Owenite Movement

Similar to Speenhamland, the Owenite movement, named for its leader Robert Owen, set out to improve the conditions of the working poor. Owen believed that “a market economy if left to evolve according to its own laws would create great and permanent evils” (Polanyi 1944). By “evils,” Owen was referring to the idea that as a

⁹ See Polanyi 1944, p. 86

result of the working class's lowly existence, the industrial revolution had essentially destroyed the traditional character of society and produced a new type of people characterized by crudeness and lacking self-respect (p. 134-136). For Owen, the root of the problem was that the working classes lacked education which he sought to provide at New Lanark, Scotland, the site of his social experiment in cooperative living (Claeys 1991).

Owen, who had achieved great success in the cotton industry, acquired cotton mills at New Lanark, Scotland, and he believed that he could use the space to transform what he viewed as the poor behavior of the working class. Within a decade, New Lanark was known for its progressive approach to labor rights and education, and it is considered the model Owenite community upon which the subsequent communities (both in the UK and in the US) were based (Claeys 1991, Kumar 1990). The environment at New Lanark was distinct from the rest of society during the Industrial Revolution for a number of reasons. First, employees remained on the payroll even when there was not work, and this practice provided workers with a sense of security. Moreover, workers at New Lanark worked only ten and a half hours per day while other mills required their laborers to work thirteen or fourteen hour days (Engels 1878, Polanyi 1944 p. 178).

New Lanark provided a blueprint for communities in the "new moral world" of the future, and perhaps most importantly, it offered hope to those whose lives were torn apart as a result of the industrial revolution. However, Owen's idyllic communities, modeled after his vision of cooperative societies, were not without problems. Owen's radical theories proved difficult to sustain in practice, and the communities themselves,

were short-lived primarily due to a lack of funding, poor planning, and internal strife. Owen lost control of New Lanark in 1828, and shortly thereafter his other experimental communities, including one called New Harmony in the United States, quickly disintegrated (Kumar 1990).

Although both Speenhamland and the Owenite Movement eventually ended in failure almost two hundred years ago, the concepts upon which they were based remain relevant even in contemporary society. Relief for the poor continues to be a highly contested political issue, and we can see impulses of Speenhamland in the modern welfare system; however, they are embedded into different social institutions (federal government as opposed to localized parishes). Regardless, attempts to help members of society, who are impoverished due to low wages, are still very much a part of social life.

Similarly, Owen's ideas of cooperative ownership are especially relevant to the argument at hand concerning fair trade's recent introduction of FTUSA's certification program that favors factory rather than cooperative production. The Owenite and fair trade movements are different in the sense that the Owenite communities were cooperative societies of both production and consumption whereas the fair trade movement solely employs cooperative production of goods to be sold as commodities and does not typically consist of cooperative villages. Yet the underlying characteristic of cooperative ownership of production is prevalent in both of these movements. Now that we have seen these historical examples of Polanyian double movements, we can now begin to shift our analysis to fair trade, which some (Jaffee 2007, Shorette 2011, Raynolds 2012) consider a modern double movement.

2.4 Fair Trade: A Polanyian Moment

Many fair trade observers view fair trade in the context of Polanyi's concepts of social embeddedness and double movement. For example, Laura Raynolds (2012) argues that fair trade represents a "classical Polanyian countermovement, as a challenge to the dominance of abstract economic principles, and a move to re-embed international trade into social relationships" (p. 279). Furthermore, she argues that fair trade represents a form of social regulation, which echoes Polanyi's nostalgic description of the pre-industrial societies that were controlled by the economic principles of reciprocity and redistribution and houesholding (Raynolds 2012, Polanyi 1944). Through its transational advocacy networks, labeling initiatives, and fair trade organizations and companies, she claims that fair trade embeds trading channels into a broad range of social relations. Likewise, Shorette (2011) views fair trade's commitment to working with cooperative groups through the good times and the bad as well as its commitment to social justice and environmentalism at the expense of profit, qualifies fair trade as an initiative to "re-embed the economy through market mechanisms" (p. 468).

Additionally, in an attempt to formulate a Polanyian analysis of fair trade that sticks closely to Polanyi's embedded principles, Watson (2006) asserts that fair trade does, in some ways, employ reciprocity and redistribution in its trading practices. For example, fair trade producers are typically paid more than non-fair trade producers; therefore, more wealth is redistributed from the consumers to the producers. Furthermore, he argues that fair trade purchases represent the consumers' recognition of the reciprocal responsibilities that consumers and producers have to one another.

However, this form of redistribution, mediated by a purchase, differs from Polanyi's definition of redistribution by a central authority. Similarly the type of reciprocity discussed by Watson is not the same as the reciprocal and non-profit trading relationships described by Polanyi, but it does represent a heightened consumer consciousness about the well-being of producers (p. 447-448). What sets Watson's analysis of redistribution and reciprocity apart from Polanyi's original definitions, is that in fair trade, redistribution and reciprocity take place on a much larger geographic scale of production, with producers and consumers living on opposite ends of the globe. Consequently, the ties between producers and consumers are weaker and much less direct.

Jaffee (2007) and Hinrichs (2000) also use Polanyi's concept of embeddedness to analyze current attempts at creating alternative markets. Although they focus on different sectors (Jaffee on fair trade coffee and Hinrichs on farmers markets and CSA's¹⁰) they both incorporate Block's (1990) concepts of *marketness* and *instrumentalism* to use when analyzing social embeddedness. The first of these concepts, marketness, represents a continuum that indicates the relative importance or price in an economic transaction. For example, when price is the central determining factor in a market exchange, the level of marketness is high. Likewise, when price is not the central determining factor in a market exchange the level of marketness is low. Similarly, the second concept, instrumentalism, measures the importance of individual economic gain in a market transaction from the buyer's perspective. If individual gain is

¹⁰ CSA refers to Community Supported Agriculture. See Hinrichs 2000, p. 299

very important in the market transaction, then the level of instrumentalism is high, whereas if individual gain is not as important, the level of instrumentalism is low.

Applying these concepts to fair trade, Jaffee (2007) claims that upon first glance, fair trade seems to exhibit high levels of social embeddedness as it exhibits low levels of both marketness and instrumentalism due to fact that neither price nor individual gain is emphasized in the purchase of fair trade goods (i.e. paying a higher price for fair trade leads to less individual gain). However, at the same time, he asserts the low levels of marketness and instrumentalism do not necessarily lead to high levels of social embeddedness because the social ties between the producers and consumers are often impossible to achieve as they live on opposite ends of the globe. Therefore, the expansive geographic scale of production complicates efforts to socially embed the trading relationships.

In addition, the fair trade coffee sector allows for the participation of large corporations, who are primarily concerned with price and profit; therefore, the levels of marketness, instrumentalism, and social embeddedness can vary depending on the actors in specific fair trade agreements. In sum, Jaffee (2007) claims that

The marketness of fair trade is a contested arena, one in which the powerful forces of transnational capital are struggling against civil society in an attempt to neutralize the movement's potential to transform market relations (p. 26).

This assertion is especially pertinent to the fair trade textile sector, which has succumbed to competitive pressures to increase the scale of production while at the same time diluting the benefits it provides to marginalized producers.

Keeping Polanyi's and Block's theories in mind, we can now begin to examine contemporary attempts to re-embed the market into social relations in the fair trade

textile sector. As we have seen, many authors (Watson 2006, Jaffee 2007, Shorette 2011, Reynolds 2012) place fair trade within a Polanyian context, but they typically locate the social re-embedding of the market in the relationship between the consumers and the producers. But, viewing embedded relationships as built on “proximate contact, familiarity, and trust,” the geographical distance as well as the presence of the fair trade wholesaler/retailer as a middleman, undermine efforts to bridge the gap between consumers and producers (Lyon 2006 p. 458). However, I argue that attempts to create socially embedded trading relationships are somewhat successful in the direct partnerships between the cooperatives and the fair trade wholesalers and potentially retailers in the global North, which I discuss in the next chapter.

The next section draws upon my research at fair trade Company X in Chicago and two fair trade textile cooperatives in India. I argue that the trading partnership between Company X and the cooperatives in India is relatively socially embedded into arrangements that deliver significant benefits to producers for two principle reasons. First, cooperative production challenges the commodification of labor by granting collective ownership of the means of production to the producers. As cooperative owners, producers have significant control over production, and they hold a powerful position in the trading relationship with fair trade companies in the global North. Second, these trading partnerships exhibit low levels of both marketness and instrumentalism because fair trade companies, such as company X, are concerned not only with the success of their business but also with their social mission to improve the

producers' quality of life. Therefore, while price is certainly an important aspect of this relationship, it is not necessarily the central factor.

2.5 Case Studies: Cooperatives A and B

The two fair trade textile cooperatives discussed in this thesis are situated in drastically different settings. The first fair trade cooperative that I visited, which I will refer to as Cooperative A, is located in an informal settlement (or slum) near the Mumbai airport. It is divided into two locations, very near to one another. The design team to which I was assigned was located in Cooperative A's recently acquired new building, which houses the administration, design team, and some of the sewing/production facilities. The rest of the workshops are located in small buildings in the adjacent informal settlement, which according to my hosts, is nicer than most.

Upon my arrival, we passed through Cooperative A's gated entrance, which felt like a protective barrier that separated the cooperative from the chaotic traffic on the road. The workshops looked similar to what I had expected; some groups of women were sitting on the floor in a circle trimming threads, some were working at sewing machines, and others stood while performing quality checks on the clothes piled high on large tables. The sewing rooms resembled classrooms, with the machines situated on top of small tables and desks arranged in rows. The women worked diligently, while the January breeze swept through the room, offering a welcome reprieve from Mumbai's typically scorching temperatures.

Cooperative B's setting differed greatly from the urban atmosphere at Cooperative A. Located in rural Udaipur, Cooperative B more closely resembles the

idyllic and pastoral settings, often pictured in fair trade marketing images. The production takes place in a former school building, which is situated alongside a relatively quiet road. The sprawling one-story building houses the design office, sewing rooms, a hand-block printing¹¹ workshop, quality control rooms, and a large courtyard in the center of the building where many of the women sat on the ground and stitched in groups. The stunning image of the women stitching in the courtyard with their brightly-colored saris shining in the sun marked a significant shift from the typically sterile and highly mechanized image of factory-based textile production that I had imagined. However, I quickly learned that this seemingly tranquil and relaxing setting, which is so often presented in fair trade marketing, was misleading as the women were actually working tirelessly to finish an order of intricately stitched jackets for a Danish company.

Both Cooperatives A and B are rooted in charitable work or organizations; Cooperative A was started by a Catholic nun, and Cooperative B began as a branch of a non-profit organization. Their goals have largely revolved around offering economic opportunities to poor and often low-skilled women, and both cooperatives offer extensive training programs in order to teach members the necessary skills required for production. Because the producers are paid per piece produced, they control the amount of hours that they work as well as how much money they earn. This arrangement allows many women to fulfill both their domestic duties as well as earn an income. In addition, the cooperatives provide benefits such as health insurance, scholarships for the producers' children, daycare (Cooperative A), and access to low or

¹¹ Hand block printing is an artisanal method of fabric printing that is done by dipping the wooden blocks in dye and stamping them onto fabric.

zero- interest emergency loans (Johnson 2013). But beyond their alternative production spaces and uncharacteristically good benefits, the cooperatives also have a unique structure, which is especially different from textile producing factories.

The first and perhaps most unique characteristic of the cooperatives is that they are cooperatively owned by the producers. As owners, the producers/cooperative members share much of the profits (in some cases part of profit is used for operational costs), and participate in management and decision-making regarding production. For example, Cooperative A consists of 270 regular cooperative members (producers), 200 seasonal workers, and 14 professional staff, which include the administration, designers and social workers. The producers are divided into twelve smaller cooperatives, each of which elects a leader that acts as the liaison between the cooperative and the administration. The cooperatives are paid per piece produced, and their earnings are deposited into each cooperative's separate bank accounts. The cooperative itself decides how the earnings will be distributed, which is often based on skill level. In addition, if Cooperative A earns profit, 40-50% of the profit is transferred back to the cooperatives, based on how many pieces each cooperative produced (Johnson 2013).

Likewise, Cooperative B has close to 700 members who collectively own the cooperative. However, its bureaucratic organization differs slightly from that of Cooperative A because it is much more diffuse, with producer groups spread throughout 16 rural, tribal, urban, and informal settlement locations. At Cooperative B, all producers are members of the General Body, which meets annually to discuss issues and share experiences. In addition, the members elect managers to serve on the 49

member managing committee. These managers are responsible for groups of 10-15 members, and they meet quarterly to discuss concerns and to make important decisions regarding production. Regarding payment, the members are also paid per piece, and they receive the cooperative's annual profits.

In cooperative textile production, the cooperative members possess ownership of the means of production,¹² which gives them significant control over the decision-making regarding production. Moreover, the cooperative arrangement challenges the commodification of labor since the producers are themselves owners and not subject to exploitation by a capitalist, who owns the means of production.

Yet, there is another level of social embeddedness within fair trade textile production as well, and it can be found in the relationship between the producer cooperatives and the fair trade wholesales and perhaps retailers in the global North. The relationships between Company X and Cooperatives A and B are not only "rooted in proximate contact, familiarity, and trust," which despite the geographic distance between the two, is achieved through extended visits, constant contact, and long-term relationships¹³ (Lyon 2006 p. 458). In addition, they also exhibit low levels of both marketness and instrumentalism because fair trade companies are not only concerned with profits but also with their social mission to improve the livelihoods of marginalized producers.

¹² Marx defines the *means of production* as "the instruments of labor, the raw material, and the auxiliary substances consumed within the course of a year" (Marx 1906, p. 620)

¹³ Representatives from Company A spend at least 6 weeks in India and Nepal, at another cooperative per year. In addition, they communicate constantly via the phone and internet and have been working with the cooperatives since 2006.

Since 2006, the owners of Company X have forged meaningful relationships with the cooperative staff and members. One of the first things that I noticed upon arriving at the cooperatives was that when I was introduced as a representative of Company X, everyone from the administration to the women sewing and trimming either asked me about the owners of Company X and their families or nodded and smiled, acknowledging that they knew exactly who I was representing. The owners have spent significant time in India, and they return every year for an extended stay. Moreover, they (along with other Company X staff) are in constant, direct contact with the designers and cooperative administration in order to discuss orders and production. When discussing the price negotiations that take place between Company X and the cooperatives, the director of Cooperative A explained “it is understood in negotiations that nobody is trying to take advantage of or exploit the other. If Company X suggests a price, it isn’t because they are trying to make a bigger profit...it is because they need to sell it. The same is true vice versa” (Johnson 2013).

When discussing their cooperative partnerships with the owner of Company X, she told me that they were attracted to the familial atmosphere of the cooperatives. Additionally, the owner explains that she has witnessed members become braver and more politically active as a result of cooperative membership. However, partnering with cooperatives does pose some challenges to Company X, especially with quality control issues. The owner explained that because the garments are hand-made and often produced in the members’ homes, there are often inconsistencies or even stains on the final products. Such quality issues can make selling the garments to Western customers difficult- especially at the higher prices associated with fair trade products.

Additionally, while I was at the cooperatives, I witnessed issues with meeting production and shipping timelines. In these cases, Company X must bear the added costs that accompany such delays and quality issues (Johnson 2013).

In order to maintain this socially embedded arrangement, cooperative production must take place on a relatively small scale. The owner of Company X is content working with small -scale producer groups, as she never envisioned her product in a big box store in the first place. She explains that her products are “geared more towards boutiques and consumers who want a unique product,” echoing post-Fordist consumption preferences based uniqueness and individuality (Harvey 1990). Overall, she states that the “challenges are embedded in the successes,” and feels as though partnering with the cooperatives is worth some of the added costs and issues that arise in cooperative production (Johnson 2012).

But not everyone involved in the fair trade textile sector shares the same benevolent vision of helping small-scale producers. In Chapter Three, I will examine Fair Trade USA’s (FTUSA) new textile certification program that holds the potential for successfully increasing the scale of production by incorporating factories into fair trade textile production, while at the same time undermining the success of cooperatives. Yet, the generation of this new certification program is not random or coincidental. Before we look at it in greater depth, we must first look at the reasons behind this shift in the scale of production. These answers can be found in the specific characteristics of the capitalist market that compel such transformations, namely, its imperatives of competition, profit maximization, accumulation, and need to improve the productivity of the labor force (Meiksins Wood 2002).

2.6 Fair Trade and the Capitalist Market

Up to this point, we have analyzed fair trade using a Polanyian framework and looked at fair trade's contemporary effort to create a socially embedded market in the textile sector. The cases presented above show that fair trade in the textile industry has succeeded in both challenging the commodification of labor as well as creating a relatively socially embedded relationship between the cooperatives and the fair trade companies who purchase their products. However, at this point in the analysis we must begin to locate the tension that arises when applying Polanyi's theories to fair trade.

The inherent conflict in the Polanyian analysis of fair trade occurs because Polanyi's theories fail to treat the capitalist market as a distinct "social form" with distinct social property relations and laws of motions or "imperatives." Regarding capitalist social property relations, Meiksins Wood (2002) explains that capitalist production consists of a relationship between capitalists, who own the means of production, and propertyless wage laborers, who are dependent on their wages for access to their basic needs. This relationship lies at the heart of labor exploitation because it places the wage laborers in an extremely vulnerable position, dependent on wages for survival (Fridell 2007b).

In addition, the capitalist market operates according to its distinct laws of motion (or imperatives): competition, accumulation, profit maximization, and improving the productivity of the labor force (Meiksins Wood 2002, p. 24, Fridell 2007a). Harvey (2011) explains that the coercive laws of competition require a capitalist to re-invest (and maximize) profit in order to expand and improve production. A capitalist must abide by these rules in order to remain competitive and

maintain the position of capitalist. In other words, to remain competitive in the capitalist market, the scale of production must continue to increase. Yet as the next section explains, the structure of the small-scale textile cooperatives poses certain challenges to such an increase in scale of production.

2.6.1 Fair Trade Textile Cooperatives and Barriers to Capital Accumulation

To see how this process unfolds, we can look to Harvey's (2011) argument that capital must view obstacles to increase in scale as barriers that can be transcended. He calls these obstacles "barriers to accumulation" and divides them into six categories: 1) insufficient initial money capital, 2) scarcities of or political difficulties with labor supply, 3) inadequate means of production, 4) inappropriate technologies and organizational forms, 5) resistance or inefficiencies in the labor process and 6) lack of demand backed by money to pay in the market" (p. 47). In this context, fair trade textile production presents challenges to capital accumulation in the form of resistance or inefficiencies in the labor process and inappropriate technologies and organizational forms. These barriers take the form of cooperative ownership and inefficient production methods, which limit the scale of production.

2.6.2 Cooperative Ownership

The first and most significant barrier to accumulation is that the cooperatives are collectively owned by the cooperative members, meaning that there is no presence of a capitalist, someone owner of the means of production. Therefore, contrary to traditional capitalist relations of production, cooperative members are not subject to the exploitative relationship between a capitalist, and property-less laborers who sell

their labor in exchange for wages that give them access to basic necessities (Meiksins Wood 2002).

With the absence of a capitalist, producers are not subject to abuses, such as being over-worked, underpaid, working in unsafe conditions, and/or being physically and verbally abused. These practices are common in textile factories in places such as Bangladesh, where textiles are produced cheaply. While these abuses can lead to greater profits and efficiency, the effects on the workers are devastating and even deadly, as seen in the recent factory collapse in Bangladesh. (Ali and Bajaj 2010).

Moreover, the profits are largely shared amongst the members rather than being concentrated in the hands of the capitalist (s). Therefore, it is much more difficult to invest in improving the production process. Without increasing the speed and volume of production, the facility has a difficult time staying competitive, and it loses value (Harvey 2011). Up until this point, remaining competitive has not been an issue in the fair trade textile industry because textiles were produced on a small-scale. However, with the incorporation of factories via the ALP, the competitive dynamic has changed, and the consequences will be discussed in the next chapter.

2.6.3 Inefficient Production Practices

In addition, cooperatives employ inefficient labor processes in order to reach women who would not typically have access to income generating opportunities due to their location, domestic responsibilities, or opposition from their families. These inefficient labor processes take the form of flexible schedules, the ability to work from home, and labor- intensive artisanal methods. Each of these practices is designed to

accommodate the needs of the cooperative members, yet they are typically only conducive to small-scale production.

First, both cooperatives allow the members to decide how much they want to work and earn, and this flexible arrangement allows many of the members to fulfill both their responsibilities at home while also generating income at the cooperatives. While this arrangement allows the cooperative members to work on flexible schedules, it can also be problematic for the cooperative since it must accommodate changes in the labor supply due to personal issues and responsibilities that a producer may have.

In addition, production at Cooperative B is de-centralized and many of the members work on the garments in their homes and then bring them to the production center when they are finished. This provision allows women in rural areas to join the cooperative; however, these garments more likely to have quality issues (such as stains) because they were stored and often embroidered in the producers' homes. If possible, the producers fix quality issues, which takes extra time, but often, these items are shipped anyway. As a result, they are more difficult to sell due to their flaws, costing the cooperative and the wholesaler/retailer money.

Finally, the cooperatives employ inefficient production methods, especially since many of the garments are produced using labor-intensive, artisanal techniques. This is especially true in the case of Cooperative B, where the producers use methods such as traditional embroidery, hand-blocking (a fabric printing process that uses large, wooden, block stamps), and applique. However, it is possible to produce similar products much more quickly and efficiently with the help of machines, and Cooperative B recently acquired a laser-cutting machine that cuts out applique designs. Not only are

these machines expensive, but they also require an investment in training producers to operate them (Johnson 2013). Moreover, high tech production has the potential to dilute the character of hand-made items, popular amongst post-Fordist consumers seeking individuality in their consumption choices (Harvey 1990).

The fact that these artisanal methods place a limit on the scale of production was especially evident at Cooperative B. During a tour of the new hand-block printing workshop at Cooperative B, I observed a female cooperative member hand-block printing a bedsheet. The process of hand-block printing is both time consuming and labor intensive, and it involves placing a wooden block stamp, into ink and then forcefully stamping it on the cloth. Depending on the pattern, there can be many layers of stamping involved in the design. The intern, who was showing me the workshop, explained that the bed-sheet was part of an order for an Indian store that frequently placed orders with the cooperative. The store had placed an initial order of 17 bed-sheets, which at that moment were taking 2-3 days/sheet to complete. At this rate, the intern said that even if the sheets sold successfully in retail, it would be impossible to fill a larger order due to the time and labor intensive hand-blocking process (Johnson 2013).

As we can see, both cooperative textile ownership and the inefficient labor methods that the cooperatives employ place certain limits on the growth of the fair trade textile sector. However, even though the cooperatives present challenges the capitalist market imperatives, they also provide greater benefits for the producers, who gain autonomy and protection as a result of collective ownership. Fair trade's mission to help marginalized producers is largely achieved by employing cooperative

production facilities, but it also hinders the ability of the fair trade textile market to grow-- especially when compared to sectors such as coffee. This tensions between mission and growth is at the heart of the debate of implementation of the ALP, which is explored in the next chapter.

2.7 Conclusion

In sum, I have situated the analysis of the fair trade textile sector within the Polanyian framework and provided case studies of the trading partnership between Company X and Cooperatives A and B as successful attempt at creating a trading partnership that is socially embedded into an arrangement that benefits producers. However, applying the Polanyian framework to an analysis of fair trade is problematic because it fails to recognize that fair trade also functions within the capitalist market, which has specific social property relations and imperatives that are not compatible with the embedded values that deliver the greatest benefits to producers, such as cooperative ownership. I have shown how cooperative textile production challenges both capitalist social property relations and imperatives, but that in doing so, it also impedes capital accumulation by imposing a limit on the scale of production. With Harvey's (2011) claim that capital must treat obstacles to accumulation that can be transcended, we can begin to look at how the fair trade industry is attempting to overcome these obstacles.

The next chapter is devoted to the current transformation that is currently taking place in fair trade textiles. This transformation takes the form of a new fair trade certification program, called the Apparel and Linens Program (ALP), which

incorporates factory production into the fair trade textile supply chain. Under this arrangement, capitalist social property relations are restored via the incorporation of wage labor, and production inefficiencies are largely eliminated as factory production is both highly mechanized and does not typically employ artisanal methods. Moreover, participating fair trade companies and large corporations do not need to make a 100% commitment to fair trade practices, which allow large corporations to promote themselves as “fairtrade” even though only a few products are produced according to fair trade standards (Renard 2003). Yet, as we will see in the next chapter, FTUSA’s Apparel and Linens certification program favors the expansion of scale of production over fair trade’s commitment to improve the livelihoods of economically marginalized producers.

CHAPTER 3

EXPANSION

3.1 Introduction

Chapter Two presented the case of the socially embedded fair trade partnership between Company X and Cooperatives A and B. However, the measures taken to create this partnership challenged the capitalist market imperatives (competition, accumulation, profit maximization, and improving labor force productivity) creating barriers to the expansion of scale of production. In this chapter, I will look at how certain actors in the fair trade movement are attempting to overcome these obstacles as well as the consequences of their initiatives. My primary focus will be FTUSA's new fair trade certification program titled the Apparel and Linens Program (ALP), which grants fair trade certification to factories.

The first section of this chapter discusses the split between the Fairtrade Labeling Organization (FLO)¹⁴ and Transfair USA (FTUSA)¹⁵, which paved the way for FTUSA to pursue its growth-oriented initiatives, including the ALP for fair trade textiles. From there, I will compare the ALP with the Guidelines for Fair Trade Federation (FTF) membership.¹⁶ The approaches of the two organizations differ significantly, particularly in their views regarding property ownership. While FTUSA has incorporated factory that employ propertyless wage laborers, the FTF values partnerships with cooperatives, where the producers are shareholders. I argue that the cooperative structure not only gives the producers significantly more security due to their position as owner-members

¹⁴ The FLO is the largest international fair trade certification agency.

¹⁵ FTUSA was formerly known as Transfair USA.

¹⁶ Company X is a member of the FTF.

as opposed to wage laborers, but also places more control and power over production in the hands of the producers.

Finally, I will examine the effects of FTUSA's ALP on both the cooperatives and the competitive dynamic of the fair trade textile sector. Through this analysis, I argue that the ALP succeeds in creating a more corporate –friendly model that has the potential to promote expansion of production and market growth for fair trade textiles. Yet to successfully expand, the ALP shifted the ownership of production from the producers to factory owners, placing the producers in a more vulnerable and precarious situation. In addition, the ALP adds a middleman, in the form of a third party audit organization, which essentially replaces the direct relationship between the wholesaler and the producers. In this sense, the trading relationship is no longer based on “proximity, familiarity, and trust” (Lyon 2006 p. 458). Therefore, unlike the trading relationships between Company X and Cooperatives A and B, it does not embody Polanyi's socially embedded values.

3.2 Certification and The Split

Before proceeding with the analysis of FTUSA's ALP, we must take a moment to look at both the role of fair trade certification, which grants fair trade labels to specific products, as well as the split between two large labeling organizations that allowed for the creation of the ALP. While certification or “labeling” is a new concept within fair trade textiles, it has been a prevalent mainstreaming tool in other sectors, especially coffee, for more than thirty years. With the advent of the Dutch fair trade coffee label, Max Havelaar, followed by subsequent labels Transfair and FairTrade Mark, the market

for fair trade coffee expanded internationally (Raynolds, Murray and Taylor 2004). Lyon (2006) notes that the advent of Max Havelaar marked a significant divergence from the traditional 100% fair trade model; with the new labeling system, large coffee roasters could gain access to the label by trading only a fraction of their total volume in compliance with fair trade standards (p. 454).

In 1998, Max Havelaar, Transfair, and the Fair Trade Mark joined forces to form the Fairtrade Labeling Organization, which currently provides certification to sixteen commodities including bananas, cocoa, coffee, cotton, flowers, fresh fruit, honey, juice, tea, wine and sports balls (fairtrade.net). Additionally, founder and CEO Paul Rice started the first US-based labeling organization, Transfair USA under the umbrella of the FLO. However, Transfair USA soon began to develop a different and larger-scale vision of the future of fair trade products, and the tension between the FLO and Transfair USA ended in a controversial split.

Due to competing visions, it was announced on September 15, 2011 that Transfair USA would be splitting from FLO and changing its name to Fair Trade USA. One of the primary reasons for the split was the announcement of FTUSA's new initiative called *Fair Trade for All*, which extends certification beyond cooperatively owned farming operations to large scale plantations in agricultural sectors (Raynolds 2012, fwp.org 2011). Rice, who has a background working with coffee cooperatives in Nicaragua, explains

The challenge for us all now is how we can evolve the Fair Trade model in order to make it bigger, more scalable and to have greater impact on hard working farmers and farm workers around the world. And so toward that end we've recently launched **Fair Trade for All**, which is our effort to evolve and innovate the Fair Trade model in order to make it more scalable. 'Innovation for impact' is really the way we're thinking about it (Schueneman 2011).

This split is highly controversial within the fair trade movement, with groups such as the World Fair Trade Organization (WFTO) arguing that FTUSA made a unilateral decision that works against fair trade's mission to help small and disenfranchised producer communities (fwp.org 2011). Fridell (2011) echoes these sentiments, claiming that FTUSA is "seeking to become a global certification body that is a corporate-friendly alternative to the FLO."

On the other hand, Nico Roozen, the co-founder of Max Havelaar, claims that farmers need to learn how to work with corporations in order to boost volume (Clark and Walsh 2012). Similarly, Rice claims that heightening corporate participation through *Fair Trade for All* and similar initiatives will have positive effects because it will increase the reach of fair trade's benefits to more producers. FTUSA claims that this program will "double the impact" by 2015 (ftusa.org). However, the effects of "doubling the impact" by increasing volume and the number of producers reached has drawn considerable criticism from others involved in fair trade.

Perhaps the most substantive critiques come from the small producers who feel as though certification of larger scale agricultural outfits will lead to the demise of the small-scale cooperatives. According to Merling Preza, president of the Latin American and Caribbean Coordinator of Small Fair Trade Producers, which is an association of cooperatives selling coffee, fruit and cocoa,

Certifying larger coffee producers would cut small farmers off from international markets...Buyers will switch to larger, lower-cost farms able to invest in higher yields and deliver larger volumes than farmers who in some cases live on \$2 a day (Clark and Walsh 2012 p. 4).

Additionally, in opposition to his former business partner Roozen's claim that farmers benefit from increasing their volume through corporate partnerships, Frans van der

Hoff, the other co-founder of Max Havelaar, claims that “corporations will only offer those prices until fair trade-cooperatives wither and die...it just ends in fair-washing and smokescreens” (p. 2).

This brief glance at fair trade certification shows that despite significant criticism, many fair trade sectors, coffee in particular, have responded to competitive pressures to increase the scale of production. Recently, the fair trade textile sector experienced a similar phenomenon with the introduction of the ALP, another one of FTUSA’s efforts to expand the scale of production. However, the approach of the ALP diverges significantly from the pre-existing fair trade organizations, such as the FTF,¹⁷ that also support fair trade textile production because the ALP focuses on factory rather than cooperative textile production. The following section provides a comparison of fair trade certification through the Apparel and Linens Program with the Fair Trade Federation (FTF) membership guidelines.

3.3 FTUSA VS FTF

Until the inception of the ALP, led by FTUSA, fair trade clothing did not receive a label. Rather, textiles could be marketed as “fair trade” if the parent clothing company complied with the standards of fair trade organizations such as the Fair Trade Federation (FTF). The FTF defines itself as “a trade organization that strengthens and promotes North American organizations fully committed to fair trade”(FTF Code of Practice 2012 p. 3). In other words, the FTF does not provide third party fairtrade

¹⁷ The FLO does not have a textile certification program- I chose to highlight the split between the FLO and Transfair USA in order to show how FTUSA’s was able to implement its expansion initiatives in the textile sector.

certification of products but rather it offers a membership program for businesses that are 100% committed to the following nine principles: 1) Create opportunities for economically and socially marginalized producers 2) Develop transparent and accountable relationships 3) Build capacity 4) Promote fair trade 5) Pay promptly and fairly 6) Support safe and empowering working conditions 7) Ensure the rights of children 8) Cultivate environmental stewardship and 9) Respect cultural identity (2009, p. 7). The FTF grants membership to fair trade retailers, wholesalers (including Company X), and café's, who comply 100% with their fair trade standards. Member organizations are subject to ongoing evaluations by the FTF in order to judge their overall impact (2012 p.17).

On the other hand, FTUSA is a nonprofit organization and the leading third party certifier of fair trade products in the United States. According to its mission statement FTUSA uses a

Market-based approach that gives farmers fair prices, workers safe conditions, and entire communities resources for fair, healthy and sustainable lives. We seek to inspire the rise of Conscious Consumer and eliminate exploitation (ftusa.org).

Echoing the guidelines of the FTF, FTUSA's values include empowerment, integrity, sustainability, innovation, excellence, personal development, community, fairness, and impact. FTUSA claims that they

Envision a day when Fair Trade products are readily available in stores across the country, when U.S. consumers can choose a "Fair Trade Lifestyle" and shop responsibly in every product category. This vision requires an inclusive approach to new products and stakeholders (ftusa.org)

This objective alludes to FTUSA's large-scale expansion plans for fair trade products, which is exemplified by the introduction of textile factories through the ALP.

Although the FTF and FTUSA share similar initiatives, such as producer empowerment and fairness, their definitions of these terms as well as their approaches are quite different.¹⁸ The table below provides an overview of two organizations' approaches, and it is divided into the following categories: trading relationships, audits/grievances, ownership and structure, and empowerment/capacity building.

TABLE 1.1 Fair Trade Federation Code of Practice for Members vs. FTUSA Certification Guidelines

Fair Trade Value Categories	FTF Membership Guidelines	FTUSA Certification: Apparel and Linens Program
Relationship between buyer and producer	<ul style="list-style-type: none"> • Mandatory direct communication 	<ul style="list-style-type: none"> • Buyers are encouraged to work together to achieve best purchasing practices
Audits/ Grievances	<ul style="list-style-type: none"> • The FTF member must continuously submit documentation that they are fulfilling all nine FTF principles • Worker/group can contact the FTF member directly with grievances 	<ul style="list-style-type: none"> • Fairtrade factories are subject to third party audits which are reviewed by FairTrade USA • Indirect grievance procedure- FTUSA should be contacted only as a last resort

¹⁸ The following documents are analyzed in the next section in order to further explore these diverging approaches: 1) FTF membership guidelines 2) FTUSA Obligations of CMT (cut, make and trim) facilities, and 3) FTUSA Obligations of Buyers.

<p>Ownership and Structure</p>	<ul style="list-style-type: none"> • Cooperative or participatory ownership-cooperative members 	<ul style="list-style-type: none"> • Factory production-capitalist and wage laborers
<p>Empowerment/ Building Capacity</p>	<ul style="list-style-type: none"> • Participation in decision making • Members set initial price considering true labor time, costs of materials, sustainable growth etc. • Producers receive financial assistance, access to training and workshops, networking and related opportunities in order to increase producer independence. 	<ul style="list-style-type: none"> • Ability to unionize • Workers are guaranteed fair wages, which meet the basic needs of the workers • Workers are paid wages that reflect at least the minimum wage in their country. • Workers receive a fair trade premium, allocated by the fair trade committee

3.3.1 Trading Relationship:

The FTF has specific requirements, pertaining to its nine principles, for each FTF member category including retailers, wholesalers, commodity buyers, and a new network of cafes. Fair trade apparel typically falls into the realm of retail and wholesale operations. While some of their requirements overlap, the rules for wholesalers are generally stricter, meaning that while retailers must comply with the nine FTF standards in their business practices, wholesalers must go a step further to develop and

maintain long term partnerships based on trust, solidarity and mutual respect, with producer groups (FTF Code of Practice 2012, p.17).

The FTF requirements specified in the clause pertaining transparent and accountable relationships state that FTF members must seek direct contact with the producer groups in order to create these connected and long-term relationships. This communication can take the form of “regular visits (which include meeting with individual artisans and producers), and/or regular communication through emails, phone calls, etc.” In order to maintain FTF membership, the wholesale organization must provide proof of regular orders, and if a wholesaler decides to terminate a contract with a producer group, the wholesaler must submit a report to the FTF justifying the termination of the partnership. Additionally, communication about major changes to an order or contract must come directly from the wholesaler, and all parties involved must have free and equal input regarding contracts (2012 p. 15).

In contrast, the code of conduct for fair trade factories and buyers does not include any specifications about personal visits, communication or relationships. It claims to engage factories, consumers and companies in the fair trading process, and it does say that buyers should try to pursue long- term contracts that reflect the demand for the product *if* sales are successful (FTC apparel obligations of CMT facility 2010 p, 2, FTC Obligations of Buyers 2010 p.5). Unlike members of the FTF, companies who sell fairtrade certified apparel are not required to engage in direct dialogue with the producer groups via email, visits, or phone. Rather, the relationship is placed by a third party audit, which is discussed below. In addition, the duration of the trading partnership is determined by the amount of sales and demand for a fair trade product

(FTC Obligations of Buyers, p. 5). Therefore, this arrangement places price instead of relationships at the center of the partnership. From this analysis, we can conclude that the emphasis on building meaningful and transparent trading partnerships, which is at least present in FTF Code of Practice, is seemingly lost in the Apparel and Linens factory model.

3.3.2 Audits:

The individual FTF members are required to prove to the FTF that they have worked with producer groups to create trading systems that are, in fact, fair. Members demonstrate their commitment to FTF principles by submitting documentation showing regular orders, personal visits, communication, or education and training programs (FTF Code of Practice 2012, p. 17). This approach to fair trade requires each trading partnership to be evaluated individually based upon guidelines that mandate the FTF member to engage directly with the producer organization.

On the other hand, FTUSA's approach introduces the third party auditing process¹⁹, already prominent in the fairtrade food commodity sector. Under this arrangement, third party auditors assess the workplace conditions and interview workers to determine whether or not the factory is complying with FTUSA's certification standards (FTC Obligations of CMT facility 2009, p. 12). As part of the

¹⁹ FTUSA's third party audits are conducted by Scientific Certification Systems (SCS), a third party auditing service. According to FTUSA's website "**Scientific Certification Systems (SCS)** has been providing global leadership in third-party environmental and sustainability certification, auditing, testing and standards development since 1984. SCS programs span a wide cross-section of industries, recognizing achievements in green building, product manufacturing, food and agriculture, forestry, retailing and more. In addition, Factories are responsible for certification costs. See Fair Trade Intro Packet for Factories at ftusa.org.

audit, factories must fully cooperate with the assessment processes and provide the auditor with the necessary documentation of “all employee-related practices (including wages paid and hours worked) for each worker, for a period of at least three years” (p.4). FTUSA then evaluates the audit’s findings in order to determine the factory’s level of compliance. Because FTUSA places the task of determining factory compliance with a third party auditor, this arrangement creates an indirect and less transparent relationship between FTUSA and the factories it certifies.

3.3.3 Grievances:

Regarding grievances, the FTF guidelines state that in order to create a safe and empowering workplace,

Members and applicants demonstrate that they have an open and transparent workplace in their North American operation by outlining the processes in place to allow employees to participate in the decisions that affect them, to cultivate a safe and healthy working environment, to offer fair wages, and to develop tools that properly address grievances (FTF Code of Practice 2012, p. 25)

Additionally, it says that the members must have created a process by which producers can directly contact them as well as the FTF with any concerns (p. 25).

Likewise, in FTUSA’s plan, factory workers do have a “functional grievance procedure where workers are able to present their grievances without fear of retribution” (FTUSA Obligations of CMT Facilities 2010, p. 4). However, the document explaining the obligations of fair trade factories also states that “ As a last resort, workers shall be permitted to contact TransFair USA (FTUSA) about workplace conditions through the complaints process.” Although workers are not punished for directly contacting FTUSA, direct contact is clearly discouraged (2010, p.4).

In sum, while the fairtrade certified factories provide workers with more rights and safer working conditions than some apparel factories, the social relationships that are necessary to socially embed (in Polanyian terms) the trading partnerships are absent from the factory production arrangement. Essentially, the third-party fairtrade audit, employed by FTUSA, replaces the trading partnership. Clearly, the FTF and FTUSA have diverging views regarding trading partnerships, and as the next section demonstrates, they also have contrasting policies regarding the types of producer organizations that meet their criteria.

3.3.4 Ownership/Structure

The FTF Code of Practice (2012) states that “in order to create conditions where power, risks, and benefits are distributed more equally, the FTF requires members to work with producer groups that are participatorily and/or cooperatively owned. This requirement represents a central difference between the FTF’s and FTUSA’s attitudes towards property ownership (p. 27). Their distinct approaches are exemplified in the language regarding “producer empowerment.” Through its commitment to small, cooperatively owned producer groups, the FTF’s approach to producer “empowerment” is achieved through granting producers property rights that give them greater roles in decision-making regarding production. In contrast, FTUSA does not equate empowerment with ownership of the means of production. Instead, it views “producer empowerment” as a wage laborer’s right to earn a fair wage and the freedom of association.

3.3.5 Empowerment:

Perhaps one of the starkest contrasts in the two approaches can be found in their respective approaches to producer empowerment. The FTF requires that the producers participate in determining the prices of their goods. According to the FTF principle on fair and prompt payment, "Fair Trade empowers producers to set prices within the framework of the true costs of labor time, materials, sustainable growth, and related factors" (FTF Code of Practice 2012 p. 5). FTF members and applicants work with producer groups to "create systems which distribute income equitably among individual artisans and producers," and it explains that these systems are subject to continuous evaluation.

On a more critical note, the FTF Code of Practice (2012) explains that FTF members

Perform cost analyses with the producers as a way to understand how artisans/producers determined their prices and /or support producers in understanding the costs of their labor time, materials, sustainable growth and related factors, so that products are properly priced (p. 24).

Like much of the content in FTF Code of Practice, the specific details as to how this negotiation is carried out are rather vague, and based on this criteria alone, there could be potential for unbalanced power distribution in favor of northern buyers in the price negotiations. However, according to the director of Cooperative A, both the cooperative and Company X have a mutual understanding that neither party is trying to exploit the other (Johnson 2013). Moreover, the fact that FTF members are required to involve the producers in the setting of prices shows that cooperative members do, in fact, participate in making important decisions regarding production.

In contrast, the workers at FTUSA factories do not set their own prices but are rather paid minimum wage (at the very least) and then receive a fair trade premium of between 1-10%, depending on the proximity of a certain region's minimum wage to an actual living wage (FTC Obligations of CMT Facility 2010 p. 5, 8). Instead of granting workers ownership in the production facilities, the ALP provides workers with the fair trade premium, which is placed in the control of the fair trade committee, a democratically elected group with workers comprising the majority of members. Theoretically, this committee is elected without management influence; however, in other fair trade sectors, management has proven influential in the deciding of the committee.²⁰

Similarly, regarding capacity building, the two approaches are also quite different. The FTF defines capacity building as an effort to increase producers' independence. The FTF Code of Practice states that

Members maintain long-term relationships based on solidarity, trust, and mutual respect so that producers can improve their skills and access to market. Members help producers to build capacity through proactive communication, financial and technical assistance, market information, and dialogue. They seek to share lessons learned, to spread best practices, and to strengthen the connections between communities, including producer groups (2012 p. 17).

Regarding textiles, the obligations of wholesalers include establishing long-term relationships with producer groups and engaging in ample, direct communication with the groups about products, orders, and other issues that may arise in the production process.

²⁰ See Moore, Lindsey Bornhofft. 2010. *Reading Tea Leaves: The Impact of Mainstreaming Fair Trade*

On the other hand, the FTUSA standards briefly address capacity building, but not in the sense of creating producer independence. Rather, capacity building through FTUSA certification refers to the factory management's duty to allow the workers to have the majority vote regarding the distribution of the fair trade premium. In this sense, capacity building is focused on the distribution of wages instead of developing skills and resources that will improve the producers' ability to play a more significant role in the trading relationship.

In sum, the FTF's empowerment strategy, which depends upon cooperative ownership, allows producers to both determine the price of production and to participate in the decision-making processes at the cooperative. According to the FTF, this strategy allows FTF members to create partnerships that "distribute power, risks, and rewards more equitably" (FTF Code of Practice 2012 p. 24). In contrast, FTUSA's approach attempts to empower producers through providing "the rights of freedom of association and income that meets workers' basic needs" (FTUSA Obligations of CMT facility, p. 2).

Essentially, the primary difference in the two approaches is the attitude towards property rights. As explained above, FTF members work primarily with cooperatively owned workshops, where producers have significant power over decision-making regarding production due to their shareholder status. Moreover, the fact that the producers themselves own and largely control the production process eliminates the need for a union that works to guarantee fair wages and safe working conditions. In contrast, the fair trade factory workers are still vulnerable to abuse and exploitation because they have no ownership of the means of production. Unionization is a privilege,

granted by FTUSA and the factories, rather than a right. Moreover, FTUSA has the power to change these conditions at any time. In sum, the ALP represents a dilution of fair trade's mission to empower producers by favoring wage labor, which subsequently restores the exploitative capitalist social relations of production that between a capitalist(s) and propertyless wage laborers (Meiksins Wood 2002).

3.4 Social Embeddedness

This comparison shows that the FTF and FTUSA's contrasting approaches are embedded into different social arrangements that reflect their diverging views on trading partnerships and property ownership. The FTF's emphasis on cooperative ownership and direct trading partnerships reflects higher levels of social embeddedness because it delivers greater benefits to producers by giving the producers greater control over decision-making regarding production. In contrast FTUSA's ALP contains lower levels of social embeddedness as it is focused on ensuring fair wages and safe conditions for factory workers. The trading relationship is indirect and "producer empowerment" refers to earning fair wages rather than control over the production process.

We can apply Block's (1990) theories of marketness and instrumentalism in order to measure the level of embeddedness of each approach. Referring back to Block's theory of marketness, we can describe the ALP as exhibiting high levels of marketness since it is primarily focused on prices. The ALP is focused on both the payment of a fair wages and the ability to unionize in order to protect this wage. Therefore, in the case of FTUSA, labor is a commodity, which allows a capitalist to maximize profit and invest in

increasing the scale of production. However, it also places producers in a more vulnerable position (Polanyi 1944, Harvey 2011). On the other hand, the FTF's cooperative approach exemplifies low levels of marketness because it employs practices, such as cooperative ownership, which benefits the producers by giving them more power and job security. However, since the profit is typically shared amongst the producers there is little money left to reinvest in increasing the scale of production.

Additionally, the ALP also exhibits high levels of instrumentalism because it allows corporations to leverage the fair trade certification in order to appeal to a wider consumer base. At the same time, they do not have to make the same sacrifices, such as cooperatively owned production facilities, as the FTF members. In addition, FTUSA partners do not need to adhere 100% to FTUSA standards. Rather they can manufacture a mere fraction of their inventory according to FTUSA's requirements and still gain the benefit of marketing the corporation as "fairtrade." Conversely, the FTF members must adhere 100% to the FTF Code of Practice. Therefore, they have less to gain from their fairtrade status because their products, unlike those produced according to the ALP, do not receive a fair trade label and are often not as visible to customers (Marston 2012, Jones and Williams 2012). Therefore, companies that participate in the ALP make greater gains through the visibility and label while demonstrating a weaker commitment to fair trade and employing cheaper production facilities.

Finally, regarding Polanyi's description of socially embedded relationships as being rooted in proximate contact, familiarity, and trust, the two approaches are strikingly different (Lyon 2006). The FTF requires its members to engage in direct

communication with the producer groups and submit documentation regarding the trading partnership. On the other hand, FTUSA has little, if any, contact with the producers. This detachment is evident in the above section discussing audits and grievance procedures. Essentially, the relationship between FTUSA and the factories is mediated by an auditor, and is less direct and transparent than trading relationship supported by the FTF.

Embedding the trading partnership in favor of the producers provides greater benefits to the producer organizations that fair trade seeks to help. However, embedding the partnership into arrangements that favor expansion of production changes this mission. In this case, it not only shifts the ownership of production from producers to capitalists, but it also affects the overall ability of the cooperatives to compete in the fair trade market. The next section discusses the ALP's exclusion of small-scale producers as well as the competitive pressures that the ALP imposes on the fair trade textile sector.

3.5 Significance

Up to this point I have discussed the difference between the approaches of the FTF and FTUSA, and I have argued that the FTF's approach represents trading partnership embedded into social arrangements that favor the producers. However, this argument alone does not explain the impact of FTUSA's approach. This portion of the analysis is framed by the idea of exclusivity, and argues that the ALP's exclusive guidelines set a new standard in fair trade textile production that undermines cooperative participation in the fair trade textile network (Jones and Williams 2012).

One example of small producer exclusion is found in the work of Dickson and Littrell (2010). After extensively studying Marketplace Handwork of India (MHI), an ethical clothing company that partners with twelve artisanal cooperatives in India, Dickson and Littrell concluded that it would likely not be able to participate in the ALP for a number of reasons. First of all, the ALP was written for large factories, therefore, it is difficult to apply standards for larger facilities to small cooperative groups. Given MHI's location in the informal settlements of Mumbai, the facility itself is not up to FTUSA's standards, and many of the members also work from home (similar to Cooperative B), which FTUSA prohibits.

In addition, there is a dearth of documentation about the amount of hours worked by each individual artisan, therefore, it would be difficult to demonstrate compliance with FTUSA's standards for maximum hours worked. At the same time, Littrell and Dickson point out the fact that at MHI, producers participate extensively in the decision-making processes; moreover, MHI values all producers, regardless of skill level, pays fair wages in the local context, and builds strong relationships with all of its workshops (2010 p. 174). In this case, even though the cooperatives go above and beyond the requirements of the ALP, they do not meet the certification requirements.

MHI's partnering cooperatives are not the only cooperatives that cannot meet the standards of the ALP. During an interview with the director of Cooperative A, he explained that FTUSA had visited the cooperative with hopes of implementing the ALP. However, the cooperative did not meet the certification standards because the program was written for a factory, which assumes that labor exploitation is inherent. He said that the standards were written under the assumption that "there was a boss and

employees and that the boss was exploiting the employees by denying them fair wages.” When speaking to the representative from FTUSA, he said “Don’t treat the people like workers, treat them like owners.” Because the ALP’s standards are almost entirely focused on a fixed wage, it does not fit within Cooperative A’s practice of paying per piece produced rather than by a fixed hourly wage, deemed “fair” by FTUSA.

Additionally, he claims that on a macro level small producer groups, like Cooperative A, are excluded from the program, and that on a micro level, slower and less efficient producers are also excluded. He cited the example of a woman with very low-skills who worked very slowly, and explained that working at Cooperative A was likely her only opportunity to earn income. Because Cooperative A pays per piece produced, her earnings are meager, and because FTUSA’s program is based primarily on a fair wage, they categorized this situation as exploitative. Under the Apparel and Linens program he would be forced to exclude her and others like her from cooperative membership because of their low earnings. However, he disagreed with FTUSA’s assessment of the situation, and while he lamented not having sufficient revenue to pay all cooperative members the same amount, he argued that membership at Cooperative A at least provided some income for slower workers. He claimed that to gain ALP certification, he would have to exclude people who had no other income generating options- the same people who the cooperative originally sought to assist in gaining market access- in order to gain fair trade certification (Johnson 2013).

But why is the fair trade certification so important? First, when property rights are shifted from producers to capitalists, a third party fair trade audit becomes necessary to ensure that standards are being met because the producers no longer

control production. But as Marston (2012) explains, products with a fair trade label may appear as though they were produced under “fairer” conditions than their unlabeled counterparts, even though the cooperative model is more beneficial for producers than the factory model. With this in mind, it seems wise for another fair trade organization to create a label for cooperatives so that their products would also be highly visible on store shelves. This is precisely what the World Fair Trade Organization has just done (wfto.com).²¹ However, although this new label will likely increase the visibility of products made by small-scale producers, the director of Cooperative A explains that competitive pricing will still be an issue.

For example, he told a story about buying fair trade certified t-shirts in the UK, which cost 4 pounds, and he wondered how a company could produce something so cheaply- fair trade certified at that! He was curious as to how much money the producers received, and he guessed that it was not very much in comparison to the producers at Cooperative A. Furthermore, the director of Cooperative A claims that the average consumer does not have adequate information about the production involved in the purchase he or she is making. He asks, “how do they know whether it was made in a factory or a cooperative” (Johnson 2013)? This question is central to the theme of the next chapter, which discusses the ways in which the fair trade discourse, meaning how fair trade is portrayed, has hidden the inconvenient consequences (i.e. the shift of property rights from producers to capitalists) of the expansion of the scale of production and participation by large corporations.

²¹ This initiative is in its nascent stages of implementation. Future research is needed on this endeavor.

3.6 Conclusion

This chapter has discussed the diverging approaches of the FTF and FTUSA, and through the analysis of the FTF Code of Practice and the ALP certification standards, it argues that the small-scale FTF approach is more beneficial to producers. However, the ALP has created a more corporate-friendly fair trade strategy, which threatens cooperative production in two primary ways: 1) excluding them from the fairtrade certification standards, which denies the cooperatives' products of the fair trade label and puts them at risk of looking less fair to consumers and 2) imposing competitive pricing pressures into the fair trade textile industry by introducing fairtrade textiles produced more cheaply in factories (Marston 2012, Johnson 2013). In sum, FTUSA has attempted to create a new global fair trade standard, via the ALP certification that favors the expansion of production at the expense of providing greater benefits to producers.

With this information in mind, we must now look at how this transformation has been presented to the public. It seems as though the transition to larger-scale textile production, which offers weaker benefits to the producers, would cause an uproar amongst ethical consumers. While some more orthodox fair trade organizations and ethical consumers have expressed disapproval with the FTUSA's initiatives, clothing corporations such as Prana and EILEEN FISHER, new to the fair trade scene, can now incorporate this diluted version of fair trade into their marketing (Jones and Williams 2012). FTUSA and its partners have portrayed the large-scale expansion of fair trade textile production in positive manner, making it appear to be extending the benefits to more people, rather than excluding cooperatives. Chapter Three expands on this idea by

taking a closer look at the discourse surrounding fair trade textiles, which is largely responsible for attracting fair trade consumers.

CHAPTER 4

ETHICAL CONSUMPTION DISCOURSE AND THE COMMODITY FETISH

4.1 Introduction

As demonstrated in the previous two chapters, the fair trade textile sector has recently adopted a new strategy, which includes the incorporation of factory production. So far, I have shown that FTUSA's Apparel and Linens Program (ALP) certification excludes textile cooperatives, in which the producers collectively own the means of production. The shift in property rights from the producers to capitalists results in the dilution of fair trade's mission to empower and improve the livelihoods of marginalized producers around the world. However, the effects of this transformation are relatively absent from corporate fair trade campaigns, making it difficult for consumers to discern under exactly which conditions their fair trade garments were produced.

The principal purpose of this chapter is to discuss how this dilution of fair trade's mission has been carried out while at the same time maintaining fair trade's positive image. To answer this question, I look to the discourse on ethical consumption and fair trade, particularly in the textile sector. The term "ethical consumption" broadly refers to "the action of buying one product over another with an ethical ideal in mind," which could be the environmental conditions, labor practices, gender empowerment etc. (Hawkins 2012, p. 751).

In order to see the ethical consumption discourse at work, I will focus primarily on the fair trade marketing initiatives of two large clothing companies, Prana and Eileen Fisher, who manufacture a small percentage of their garments according to fair trade

standards. Through this analysis I will link discourse with Marx's concept of commodity fetishism, which can be basically defined as the separation of the producer from the product of his/her labor as well as the masking of the social relations of production (Marx 1906). Commodity Fetishism is at work in two distinct steps in the fair trade discourse through 1) the elision of actual conditions of production, which geographical distance and technology renders an easy task and 2) the creation a new narrative that creates a new and positive image that may be unrelated to reality.

4.2 Key Concepts

4.2.1 Discourse Theory

Wylie (2006) explains that discourse analysis is most often related to the writings of French philosopher Michel Foucault. According to Wylie, "A discourse, while retaining connotations of dialogue and speech, refers more broadly to the totality of utterances, actions, and events that constitute a given field or topic" (p. 303). Foucault used discourse analysis in order to create a more subtle analysis of power. To Foucault, power is not simply a force exercised by one actor(s) over another. Rather, power operates on many different levels, and it is diffuse; it comes from everywhere. Foucault claims that "power creates identities and produces reality," and one way of creating such realities is through the power of discourse (p. 304). Foucault's assertion is especially relevant when analyzing the numerous images, slogans, labels, and stories that accompany ethical products. The discourse created by these marketing tools plays a large part in the popularity of ethical products, including those bearing the fair trade label.

The marketing stories and images, often found on ethical product labels act as “translation devices” that tell consumers a certain story about the commodity, adding to it an entirely new dimension (Goodman 2004 p. 902). Goodman (2004) explains that these “translation devices” create knowledge for consumers about specific commodity networks and that this knowledge often highlights surface-level information detailing the commodity’s origins, journey through the supply chain, and the “politicized livelihood struggles” of the producers (p. 896). These characteristics work together to educate consumers as to where their product is from as well as how their purchase will positively affect a producer or community. Therefore the discourse appeals to consumers’ moral concerns, and theoretically gives individual consumers an avenue to improve the lives of far-away producers and environments.

Ethical consumption discourse is composed of multiple thematic strands, the most prominent of which are gender empowerment and environmental sustainability. Discourses that employ the sustainability theme are built on the idea of sustainable development, which argues “development should meet the needs of the current generation without compromising the future generations ability to meet its own needs” (Hollander 2006, p. 1). Hollander (2006) explains that the mainstream use of the sustainable development discourse argues that markets and economic growth can alleviate poverty and environmental problems; therefore, according to this argument, movements such as fair trade represent sustainable solutions to environmental problems and poverty alleviation.

Furthermore, ethical consumption discourse is also largely focused on appealing to female consumers. Because the female gender is most often associated with the duty

of “consumption,” women are the main targets of ethical consumption marketing (Fine and Leopold 2002, Hawkins 2012). According to Hawkins (2012), much of the advertising for “ethical” products suggests that if female consumers purchase ethical products, they will somehow improve the lives of women elsewhere, particularly in impoverished settings in developing countries. This type of marketing is prevalent in both the ads of Company X and in the case studies that will be discussed later in this chapter. Essentially, the discourse tells women that through their individual purchases, they can connect, “empower,” and improve the lives of other women across the globe. Yet as we saw in Chapter Two, there are multiple interpretations of “empowerment,” as illustrated by the diverging visions of the FTF and FTUSA.

Finally, the ethical consumption discourse can also be viewed, in Polanyian terms, as an attempt to create a socially embedded relationship between producers and consumers by sharing information about the producers of ethical commodities. Moreover, the ethical consumption discourse is highly focused on the environment and female workers, which echoes Polanyi’s concern for “land” and “labor.” However, to Polanyi, embedded economic relationships are rooted in proximate contact, familiarity, and trust,” and as this project argues, socially embedded relationships become less tangible when producers and consumers often live on opposite ends of the world (Lyon 2006 p.458). Although, the ethical consumption discourse may lead to consumers exhibiting lower levels of marketness and instrumentalism in their everyday consumption patterns, these moral impulses are often not based on legitimate details that about the commodity’s production. Therefore, the ethical consumption discourse creates a false or “fetishized” image of both the commodity and the producers.

4.2.2 Commodity Fetishism

The added dimension that is produced by the fair trade discourse preserves rather than eliminates the commodity fetish, which is derived from Marx's theory of commodity fetishism. Marx states that once products take the form of commodities (something that is bought and sold with money), they are assigned a value that is detached from both its use-value and the actual labor that produced it (Marx 1906).

Therefore, He claims that

A commodity is a mysterious thing, simply because in it the social character of men's labor appears to them as an objective character stamped upon the product of that labor because the relation of the producers to the sum total of own labor is presented to them as a social relation, existing not between themselves, but between the products of their labor (p. 83).

In other words, the relationships that exist between producers and the products of their labor are severed and replaced with relations between things. In this sense, because the producers or other members of society rarely come into contact with each other at the point of exchange, a relationship forms between products, based on their particular characteristics and monetary value in comparison to other products. This fetishized relationship supplants the relationship between the producer and consumer and obscures the social relations, particularly the exploitative relationship between capitalists and wage laborers, under which the commodities were produced (p. 84). In comparing the mythological nature of the religious world to the world of commodities, Marx claims that commodity fetishism causes commodities "to appear as independent beings (or things) endowed with life and entering into relation both with one another and the human race" (p. 83).

By masking the labor that produced the commodities, the commodity fetish hides and legitimizes the capitalist social relations of production, which are at the heart of labor exploitation (Friddell 2007b p. 21). Fridell (2007b) invokes Meiksins Wood's (2002) explanation of these social conditions under capitalism:

Material life and social reproduction in capitalism are universally mediated by the market, so that all individuals must in one way or another enter into market relations in order to gain access to the means of life; and second, that the dictates of the capitalist market- its imperatives of competition, accumulation, profit maximization and increasing labor productivity- regulate not only all economic transactions but social relations in general. As relations among human beings are mediated by the process of commodity exchange, social relations among people appear as relations among things, the "fetishism of commodities" in Marx's famous phrase (Friddell 2007b p. 96).

In other words, in industrial capitalist production, property-less wage laborers depend on their wages in order to purchase their basic necessities. Under this arrangement, the labor force is in an extremely vulnerable position because without their wages, they do not have access to the things that they need to survive. Because these social relations are elided and replaced with a monetary value at the point of exchange, the exploitative capitalist relations of production are hidden. As a result, capitalist production is legitimized, and commodities seem to magically obtain their traits rather than having been created by human hands. In this context, the relationship between consumers and producers is disconnected and transformed into imaginary or *fetishized* relations between people and things (Fridell 2007b, Marx 1906, Felluga 2002).

Yet Fridell (2007b) argues that it is these specific social relations of capitalist production that foster the labor exploitation that fair trade seeks to combat. As the following section shows, fair trade employs a powerful discourse, comprised of images,

stories, and labels, which also omits the capitalist social relations in order to appeal to ethical consumers. However, the social relations of production discussed above are nowhere to be found.

Herein lies the contradiction with fair trade's capitalist market orientation; capitalist social relations of production, although disadvantageous for the producers, are necessary in order to respond to competitive pressures to grow in scale. This is evident in FTUSA's introduction of the ALP, which allows for an increase in the scale of production, while at the same time restoring the capitalist social relations of production that exist between wage laborers and capitalists. While discursive tools often seek to bring the labor force and the customer closer together and effectively remove the commodity fetish, in reality the discourse actually maintains the commodity fetish by failing to address the exploitative nature of capitalist social relations between capitalists and wage laborers. Moreover, the discourse creates a new narrative that depicts a favorable image of production in order to appeal to consumers' morals and increase the sales of ethical products.

4.3 Case Studies

In order to see the fair trade discourse at work, I will focus this analysis on two prominent clothing companies, Prana, and EILEEN FISHER, which manufacture a limited supply of their inventory according to fair trade standards. Prana is owned by Liz Claiborne and specializes in high-end active-wear for women (although it does sell men's products too). Additionally, it is one of the first large corporations to produce select garments in factories certified by FTUSA. This analysis illustrates how Prana

attempts to appeal to their consumers' morals by connecting them with the producers who are manufacturing Prana products, and consequently benefiting from Prana purchases. To create this connection, Prana publishes a blog, which contains numerous posts about how their partnership with FTUSA benefits producers who work in the FTUSA factories. The content in Prana's blog posts provides a multitude of information about the producers who will benefit from Prana purchases, creating a discourse that highlights the ability of individual consumers to help marginalized producers.

Likewise, EILEEN FISHER is a line of women's clothing that touts a strong commitment to helping struggling women, both domestically and internationally. While EILEEN FISHER clothing is not certified by FTUSA, it does partner with Indigenous Designs, a partner of FTUSA²², to produce a line of fair trade organic sweaters that are manufactured in Peru (eileenfisher.com). Similar to Prana, EILEEN FISHER also has a website, titled *EILEEN FISHER & (ampersand)* dedicated to its ethical practices. In addition EILEEN FISHER published a series of four videos, titled the *Peru Chronicles*, which detail fair trade sweater production in Peru. The information displayed in these articles and videos portrays EILEEN FISHER as a highly moral company, working tirelessly to ensure that their supply chain is ethical while also sponsoring programs to assist disadvantaged women and girls in the US.

In both Prana's and EILEEN FISHER's fair trade marketing material, four main discourses are prominent: the power of individual choice, moral commodities, gender unity, and making connections with communities abroad. When woven together, these discursive threads create the broader narrative that the ethical consumption of fair

²² Indigenous Designs does not have FTUSA certification.

trade products is an effective means to lift communities (particularly female communities) out of poverty and solve environmental issues. Before looking specifically at these narratives about ethical consumption, we must take a brief moment to review the specific transformation in social relations of production in the fair trade textile sector, which are not addressed in the fair trade discourse.

4.4 Transformations in Fair Trade Production

Chapter Two discussed the recent incorporation of factories into fair trade textile production. Fair trade textiles were previously produced in textile cooperatives, such as Cooperatives A and B in India, where the producers are the shareholders in the cooperatives. With their collective ownership, the producers have significant power in the decision-making regarding production as well as the distribution of profits.

The factory on the other hand, employs wage laborers who do not have any ownership over production. While the factories are required to facilitate participation of the labor force, the objectives diverge from the participatory cooperative-ownership model. In the factories, the wage laborers organize into unions in order to protect their “fair” wages, and they also form a committee that decides how to allocate the fair trade premium, which is the additional money paid by consumers for the “fairtrade” guarantee.

Clearly the theme of ownership of the means of production is at the core of the divergence between the fair trade textile cooperatives and factories. Since the producers at the textile cooperatives are the shareholders, they have much power and control in the production process- including setting the price of producing the textiles.

In contrast, factory workers are guaranteed at least a minimum wage plus a portion of the fairtrade premium, but because they do not have any ownership of the production, they are dependent on their wages as determined by the factory owners and FTUSA and are therefore in a more vulnerable situation than the cooperative producers.

This transition is significant because not only did the ALP introduce factories into fair trade textile production, but it also established a fair trade label for textiles, specifically designed for textiles produced in factories. Chapter Two explains that cooperatives are essentially excluded from the certification, even though their model is socially-embedded into arrangements that give producers more power over the production process. In addition, Marston (2012) reminds us that the fairtrade label also provides a competitive advantage for fair trade products because it allows for greater visibility on store shelves. With both cheaper production and a fairtrade label, the factories present a significant competitive threat to the cooperatives (Johnson 2013).

However, this transformation in production is not apparent in the prominent discourse on fair trade, which instead highlights the following discourses: the power of individual, moral commodities, gender unity, and connecting with global communities. These discourses work together to cultivate a loyal ethical consumer base by creating narratives that appeal to ethical consumers, who seek to change the world for the better through their consumption choices.

4.5 The Neoliberal Moral World: The Power of the Individual

Ethical consumption rests upon the principle that individual consumers can and should create social change through their individual purchases, and fair trade is

arguably one of the most recognizable forms of this phenomenon (Carriere 2010, Low and Davenport 2007). Because the concept of ethical consumption places the responsibility of delivering social justice in the hands of ethical consumers rather than government policies or institutions, it aligns neatly with neoliberal ideology, which touts individualism, free markets, and limited state intervention. In fact, the use of a private regulatory system such as fair trade, exemplifies a paradigm shift from post-war days of embedded liberalism, when market and entrepreneurial activities were subject to political and social regulation (Harvey 2006).

Carriere (2010) argues that the concept of ethical consumption aligns with neoliberal ideology in two primary ways: 1) it supports Adam Smith's²³ idea that humans naturally "truck, barter, and exchange" goods and 2) it promotes the importance of individual choice, which is a central tenet of neoliberalism (p. 673). Therefore, under this arrangement, individual consumers can choose whether or not they would like to purchase "ethical" commodities and theoretically improve the livelihoods of third- world producers.

FTUSA's entire mission is built upon the power of ethical consumption, as demonstrated by the following quote:

We believe the rise of the Conscious Consumer will cause a fundamental shift in the way companies do business and create a historic opportunity to reward companies that embrace sustainability (ftusa.org).

Furthermore, in its organizational definition, it emphasizes the power of ethical consumerism to change the lives of producers across the globe.

²³ Adam Smith is the author of *Wealth of Nations*, an essential work of classical economics. See Harvey 2011, p. 35

We're a nonprofit, but we don't do charity. Instead, we teach disadvantaged communities how to use the free market to their advantage. With Fair Trade USA, the money you spend on day-to-day goods can improve an entire community's day-to-day lives (ftusa.org).

This definition uses neoliberal language to promote the power of the individual consumers to improve the lives of the global labor force as well as to support environmentally sustainable production practices. Moreover, the producers can help themselves through gaining access to the free market, as opposed to accepting charity or government support, of course.

The sentiments of personal responsibility and the power of individual ethical consumption are also prevalent in Prana's fair trade marketing. In her discussion about the knit hats made by women in a Nepali knitting group, Heather Franzese explains that

When you look for the Fair Trade Certifiedtm label, you support Manju and women like her around the world. In return, you get quality products that improve lives and protect the environment (Franzese 2012).

According to this claim, consumers have the ability to not only help female producers in developing countries but also to protect the environment by simply purchasing fair trade products. Franzese cleverly adds a personal element to this statement by naming Manju as one of the potential producers; therefore, Prana consumers can see, or rather imagine, exactly who will benefit from their Prana purchase.

In another Prana post, Alison Rojas Metcalfe, Prana's product development manager, pleads with ethical consumers to continue to make ethical purchases when she says, " Don't stop with just an idea, you can literally change the imprint of this world by doing things differently one day at a time" (Rojas Metcalfe 2012). In this case, that one daily activity that people should adjust is their personal consumption.

However, corporations don't simply trust that their consumers are willing to spend

more money to help improve living conditions of the producers. In return, the consumers must also benefit from ethical consumption. Therefore, corporations offer consumers the sense that they are living a more moral lifestyle and the idea that they are contributing to large-scale improvements to the lives of women around the world and the environment as a result of their ethical purchases (Carriere 2010).

4.6 Moral Commodities

The morality of both the corporation and individual consumers plays a large role in the discourse on ethical consumption. In order to persuade consumers to pay higher prices for fair trade products, corporations emphasize consumers' moral responsibility to help both economically marginalized women as well as to protect the environment. Prana begins its post, titled *Fair Trade: Investing in People* by asking its readers "If you were asked to do something because it was the right thing to do, would you do it?" The author, Alison Rojas Metcalfe (2012), continues by explaining that although partnering with fair trade factories requires patience and uncertainty of whether or not an order will be completed, Prana still chooses to do the "right thing" by participating in FTUSA's ALP. Not only does Prana claim that it is making a moral choice, but it also believes that their like-minded consumers will do the same, which essentially translates into buying Prana products.

She reflects about the initial trepidation she felt after being approached by FTUSA to participate in the pilot. She says that all FTUSA was asking for initially was "One shot with one shirt," and that in the end they "never felt- not once- that it wasn't

worth it (Rojas Metcalfe 2012).”²⁴ To wrap up the post, she re-affirms the commitment that Prana and its customers have for helping the poor, female, producers, who manufacture items for Prana:

Some of the most uncomfortable moments in life are when you reach a point of unfamiliarity, when you don’t know what the outcome will be and you just want some reinforcement that things will turn out alright. A year later, our small brand out of Carlsbad, California believed in these women and in the idea that we can work together, though thousands of miles apart, to forge a new path where integrity, pride in your work and doing the right thing can happen in this modern world (Rojas Metcalfe 2012).

Not surprisingly, she proceeds to say that Prana’s customers are also people who do the right thing. She maintains, “Our customers are the extension of the soul of our brand, the humility behind good work, the rock we lean on to move ahead when we’re not sure of the outcome.” To conclude, she encourages Prana customers to “dream big” because “you can literally change this world by doing things differently one day at a time” (Rojas Metcalfe 2012). In this passage, Rojas-Metcalfe makes it clear that “changing the world,” refers to helping the female producers who manufacture Prana’s products.

Similarly, in another post titled *Prana: Fair Trade from the Inside Out*, Nikki Larson (2012), Prana’s Marketing Director, writes that “Prana has always been a company with a conscience,” and she explains that Prana was excited about the opportunity to participate in the fair trade network. She states,

²⁴ While the intent is to highlight Prana’s ethics, this comment is reminiscent the criticism of the first fair trade label for coffee, Max Havelaar, which allowed large corporations to diverge from the 100% fair trade model. Similar to large coffee companies, who are able to receive a fair trade label for only selling a fraction of their supply under the terms of fair trade, large apparel companies such as Prana can now receive a label for only manufacturing a few of their items according to FTUSA standards (Renard 2003). In contrast, companies certified by the Fair Trade Federation²⁴ must demonstrate a 100% commitment to fair trade. However, this change in standards is not present in the blog post.

Supporting and directly empowering the communities that produce our product is a small step in the direction to create a more equitable trade model that feels right for us and our consumer (Larson 2012).

Here, she projects Prana's values onto Prana consumers; therefore, helping the producers via ethical consumption is portrayed as a team effort of sorts that allows an individual consumption choice to contribute to large-scale change.

In these passages, Larson (2012) makes it clear that consumers are an integral component of its efforts to help marginalized producers in the developing world. It is as if Prana's products symbolize the union between Prana and its consumers, which forms the "soul" of the product (Rojas Metcalfe 2012). In this sense, Prana consumers can feel as though they, along with other customers, form a part of a community that collaborates with Prana to help the producers....all the consumer needs to do is to keep buying Prana products, and Prana will take care of the rest. Therefore, Prana is mediating the relationship between the consumers and the producers, and its blog naturalizes and even idealizes this arrangement.

Similar to Prana, EILEEN FISHER goes to great lengths on its website to show that its supply chain is ethical. The company boasts a program called *ampersand (&)*, which essentially acts as an ethical label. The ampersand homepage, explains that the & label signifies EILEEN FISHER's efforts to protect the environment and help economically marginalized women:

We (EILEEN FISHER) have a story to share about our broader efforts to protect the environment, empower women and girls, and support traditional crafts and cultures (eileenfisheer.com).

The ampersand webpage consists of various articles dedicated to explaining EILEEN FISHER's ethical practices, one of which is titled "Business as a Movement." In the first lines of this article, Eileen Fisher explains that

From the very beginning, it mattered that we work with ethical partners who share our values. I care about how we collaborate with the sewing factories, from how we speak to them to how we help them understand the flow of work (eileenfisher.com).

These introductory lines, including the title *Business as a Movement* portray EILEEN FISHER employees and consumers alike as members of a social movement working to not only better conditions for producers but also to cultivate meaningful relationships with them.

Echoing Prana's attempts to illustrate its dedication to high moral standards, despite logistical challenges, EILEEN FISHER also includes an article titled *The Bumpy Path to the High Road*, which details the work of EILEEN FISHER's Social Consciousness Department, directed by Amy Hall. In this article, Hall details EILEEN FISHER's attempts to ensure the absence of human trafficking, child labor, and forced labor from their supply chain. She explains that simply following the SA800 guidelines²⁵ is not enough and that EILEEN FISHER has initiated its own investigations into the factories with which it partners. She adds that EILEEN FISHER has decided to map its entire supply chain, a daunting and difficult task. But according to Hall, these precautions are necessary: "But If Eileen Fisher is going to be honest about its social and environmental footprint, we have to do our homework" (Whitcomb 2012).

²⁵ SA800 is a set of labor standards for factories created by the organization Social Accountability International (SAI). SAI's mission is to "advance the human rights of workers and to eliminate sweatshops by promoting ethical working conditions, labor rights, corporate social responsibility and social dialogue." See www.sa-intl.org

These difficulties that EILEEN FISHER endures are necessary not only to make sure that the supply chain is “ethical,” but also in order to create the image of EILEEN FISHER as a company with exceptionally high morals. Likewise, in the promotional video titled *The Peru Chronicles* images of Peruvian workers and children flash across the screen as Candice Reffe, member of EILEEN FISHER’s core concept team, explains “We (EILEEN FISHER) still need meaning to ground the work we are doing- we need that meaning to reach out into the larger world.” In this passage “morals” and “higher meaning” are presented as integral, if not even definitive, components of EILEEN FISHER. By imparting these characteristics on a corporation, the narrator attempts to give a certain level of credibility, to the idea that consuming EILEEN FISHER products will actually lead to positive change on a global scale. Eileen Fisher herself affirms this idea by explaining her company’s commitment to global change:

Of course, there are always pitfalls and struggles, but if we just keep on our path, keep moving in the right direction, every so often the ordinary steps we take turn into something that feels like a leap. That’s how we’re going to change the world, little by little (eileenfisher.com).

However, in order to convince consumers to join their “movement,” both Prana and EILEEN FISHER need to both convey the importance of the role of the consumer, and more importantly, show the consumer results. Prana and Eileen Fisher demonstrate their commitment to helping economically marginalized women and the environment by creating connections between their consumers and producers, more specifically through the discourses of gender unity and community connections.

4.7 The Global Sisterhood

Ethical Consumption is largely directed towards females because consumption is largely considered a feminine task (Fine and Leopold 2002). Hawkins (2012) points out that women are responsible for 80% of the household consumption in the US, which is largely rooted in the post-war social construct of the housewife, responsible for shopping, food preparation, and cleaning (Hawkins 2012, Fine and Leopold 2002). In this context it is not surprising that one of the most powerful discourses in ethical consumption marketing seeks to forge a connection between female consumers and producers. In the fair trade textile sector, this theme is especially prominent, and it is at the forefront of both Eileen Fisher's and Prana's fair trade campaigns.

Although Prana does sell some men's clothing, its consumer base is largely female, which is evident in its blog posts dedicated to fair trade, written exclusively by female authors. In Prana's blog post titled *Fair Trade: Investing in People* Alison Rojas Metcalfe (2012) writes,

I can still remember when Nicole Basset, our Director of Sustainability and Heather Franzese, from Fair Trade USA came to the table with the concept. A man, born in Liberia and raised in the Midwest wanted to return to his village and give the women there a way to make a living. Proud women, who didn't want charity or pity but a chance to earn money for their families in a way that would make them feel valued.

Likewise, in Heather Franzese's (2012) post titled *Fair Trade: Small Countries Big Impact*, she references the Nepali producer, Manju, she explains:

You might not think of it when you buy a simple knit hat to play in the snow, but someone thousands of miles away – like these women in Kathmandu – made it just for you. The average American buys 64 items of clothing a year. Each one, including the knit hat, follows its own journey on its way to you. Each one has a story and touches lives. When you look for the Fair Trade Certified™ label, you support Manju and women like her around the world. In return, you get quality products that improve lives and protect the environment.

This passage tells the consumer not only who was making the products, hats in this case, but also that the producers were making the hats especially for them. If someone makes a hat especially for you, then you have to buy it, right? At least, that is the idea presented here.

Additionally, we not only know that Nepali women are making these hats, we also know one of the producer's name, Manju. Now, the consumer can link their hat to a Nepali woman named Manju, even though the chances that she, herself, actually made the hat are slim. Regardless of this "minor" detail, this post creates a connection between a potential consumer and Manju, and the relationship takes the form of a hat. Therefore, this hat carries with it a fetishized identity because this particular hat may or may not have been made by Manju, herself; furthermore the social conditions under which Manju, or someone else, made the hat are not presented.

Yet, in these posts, the consequences of FTUSA's ALP certification, which due to its vision of large-scale textile production facilitated the participation of transnational corporations, such as Prana, are not addressed. Therefore, the discourse elides the less convenient aspect of large-scale textile production under FTUSA standards, making this connection between producers and consumers incomplete and even mythical.

EILEEN FISHER also prides itself on its dedication to helping women and girls, and it emphasizes gender unity particularly in the US. According to the EILEEN FISHER website " Empowering women and girls is part of the company mission." Additionally, in an interview titled *Business as a Movement*, Eileen Fisher was asked why investing in women is so important to her company. She explains,

Well, because women have helped me so much. Because I've struggled as a woman, because women support our company and we want to support women. We're in a good position to sort of give back. It's sort of a snowball effect. It's more magic (eileenfisher.com)

In order to help women who are struggling socially and/or economically,

EILEEN FISHER has a leadership institute for girls. She asserts,

I think everyone learned there are universal struggles that don't change based on your personal situation. We're all dealing with similar things—how to speak up to someone, how to be happy in our daily lives (eileenfisher.com)

Here, Fisher invokes the idea of “universal struggles” that all women experience, creating the image that these struggles unify all women. Therefore, purchasing an EILEEN FISHER product represents the wealthy female consumer performing an act of solidarity with economically marginalized women.

EILEEN FISHER also offers grants to women entrepreneurs and non -profits, who promote leadership initiatives for women and girls. These grants have funded projects including a photography program for girls, a program where female prison inmates train guide dogs, and an education program for sex workers and their children. Eileen Fisher also explains that her stores try to bring women together by sponsoring in-store events such as fundraising for community nonprofits, wellness sessions, and author readings (eileenfisher.com).

However, Hawkins (2012) points out that one of the major criticisms targeting “gender unity” in ethical consumption marketing is that instead of encouraging women to become more educated and involved in the politics surrounding global inequality, they are instead encouraged only to consume or “shop for a better world” (Low and Davenport 2007). In addition, it reinforces the notion that affluent ethical consumers can continue their frivolous lifestyles without depriving others (Hawkins 2012). In the

case of Prana, the focus on consumption to help marginalized female producers is evident, and there is no mention of how or why these producers are so poor...only that consumers can help fix it by buying Prana goods.

On the other hand, EILEEN FISHER focuses on gender unity on a more local level; however, the company's mission to empower women ties in nicely with its fair trade initiatives. As was previously noted, EILEEN FISHER does make some efforts to engage consumers with issues affecting marginalized women locally, but it is an extremely class- based effort placing the responsibility to help marginalized women on affluent EILEEN FISHER customers. According to Eileen Fisher, her clothing has special qualities:

I always like to go back to the work that we do. We make clothes, let's not forget that. The clothes matter. Sometimes I've thought we are doing a superficial thing. But when I'm wearing something that makes me feel good, I am more willing to contribute, more willing to speak. That's what we're trying to do for women. We're trying to give them clothes that feel like an extension of themselves. That's our core work (eileenfisher.com).

In other words, affluent women are able to purchase luxury clothing that "makes them feel good," and help less privileged women through their purchases.

Through these initiatives, Eileen Fisher essentially claims that women have a reciprocal duty to support each other. However, at the same time, this narrative lumps women into the same category and de-politicizes the class and power differential between the female consumers and the women receiving assistance. If fair trade provides a way to change the world with consumption choices, those who have more money still have more power over this process; a fact not addressed by the ethical consumption discourse.

When considering the prices of EILEEN FISHER clothing, it becomes apparent that EILEEN FISHER clothing is not accessible for all women. With the average price for a fair trade EILEEN FISHER sweater at roughly \$250 dollars, it is clearly a brand that targets affluent women. With the above quote in mind, it is apparent that EILEEN FISHER is attempting to give wealthy women clothes that “feel like an extension of themselves.” However, poor women, who may not have \$250 to spend on a single sweater, are excluded from this luxury by the high prices. In turn, wealthy female consumers are entitled to finding satisfaction in knowing that the money from their purchase will be used to help less fortunate women, but less affluent women do not have this same luxury.

Although Prana focuses its gender unity campaign on the “global sisterhood” while Eileen Fisher’s initiatives take place on a more local level, the process at work is an effort to promote solidarity, through consumption, between wealthy female consumers and poor female producers or community members. This situation exemplifies Hawkins’s (2012) claim that poor women and the circumstances that contribute to their marginalization are commercialized in order to sell products to affluent consumers and improve the image of corporations and their brands (p. 757).

4.8 Community Connections

Both Prana and EILEEN FISHER emphasize the importance of communities in the marketing of their ethical products. Not only are their consumers a part of a larger ethical community, but the marketing also portrays the sites of production in the context of community, rather than a place of work. Therefore, the goal of the ethical

consumption discourse is not to connect individual consumers to individual producers but rather communities of ethical consumers to producer communities across the globe. In this sense, the community discourse creates the idea that individual consumption choices lead to social connections between producer communities and the ethical consumers of particular brands.

This idea is evident in Prana's post *Small Countries Big Impact*. Franzese (2012) discusses the benefits that the Nepali producer group experiences as a result of the integration into the fair trade network and subsequent partnership with Prana:

Next month, the women at East-West Handicrafts will participate in training by a local grassroots group called Fair Trade Group Nepal. They'll learn about Fair Trade standards, about their rights under local and international law, and how they are connected to you through the threads they knit.

In this situation, fair trade is not only providing the women with education about labor rights, but it is also teaching them about the consumers on the other side of the world, which completes the other side of the bridge between the consumers and producers.

The benefits of Prana's fair trade initiatives extend beyond Nepal, as Prana has also manufactured clothing in Swaziland, Liberia, and India. In Liberia, Nikki Larson (2012), expresses her joy in discovering that the producer community was able to build a school with their profits from fair trade. According to Larson, "Caring about our communities extends far beyond just our backyard but to all people that take part in the creation of our business."

Likewise, in the post *Esteam: a Fair Trade Story*, the author (unspecified) describes "Esteam," which is a fairtrade certified factory in the Indian state of Maharashtra. Esteam was founded by two families in 1991, and according to the author, "The products are made in the highest ethical & social conditions, as well as having as

trying to reduce the negative environmental impact as much as possible. In addition, the author tells the stories of some of the workers:

I enjoy working in Esteam. Due to Esteam I am able to get a very good salary. My husband was admitted to the hospital and since our company was paying for the insurance, I was able to get free treatment for my husband. After 1 year my husband expired due to long illness. I had a secure job and I was able to support & sustain my family of 2 daughters and 1 son. Now after 5 years they are now doing well in school. I am proud that I can support my children & their education just because of Esteam & Fairtrade. ~Laxmi Madhukar Mali

I was facing lot of problem to get a job & my family condition was also not good, but there was no option for me without searching for job but no-one was giving me a job as I am deaf & mute. But my life changed because there was one company which saw my efficiency & not my disability & that is Esteam. This company has not only given me work but satisfaction in life that I too can do something & show the world that person who are incapable can also move a head in life. ~Anita Kamble (factory helper)

Laxmi and Anita's narratives provide Prana consumers with anecdotal evidence that the producers are part of a larger community at Esteam, a family factory.

Moreover, the female members of the community are empowered by their work, and when consumers purchase Prana products made at Esteam, they support not just any female worker, but specifically Laxmi and Anita, who are part of the Esteam community. This discursive connection between the Prana "consumer community" and the Prana "producer community" at Esteam creates the image of individual consumption choices leading to community formation and impact.

In a similar attempt to create community connections, EILEEN FISHER also employs discursive tactics to show how the consumers, corporation, and producers are all part of the EILEEN FISHER community. This discourse is prevalent in EILEEN FISHER's Peru Chronicles videos, which detail the production of their fair trade sweaters as a result of a partnership with another ethical company called Indigenous

Designs, which employs a large network of weavers in South America (indigenous.com).

In the EILEEN FISHER video titled *The Alternative Supply Chain*, the founder of

Indigenous Designs, Scott Leonard, explains that

We're really trying to make an effort within the communities so that's been a huge spirit behind Indigenous and a lot of the work that we have done here in Peru (eileenfisher.com).

Amy Hall, the director of Social Responsibility, adds that

Fair Trade for us, for anybody, means that the workers are getting paid a fair wage, much higher than the local standard wage in their industry...that there is a premium included, that they can reinvest in their own communities for education, training (eileenfisher.com).

Both Hall's and Leonard's depictions of fair trade production highlight the importance of communities in their fair trade efforts, conveying to consumers that through their EILEEN FISHER purchases, they too will be connected to these communities. In addition, this idea is reinforced throughout the videos as the faces of Peruvian workers, both male and female, as well as children at school appear in the background. In other words, EILEEN FISHER fair trade purchases don't just help any given community or group of people, they help these workers in this specific community in Peru. Not to mention, the purchases help send these children (presumably the children of the producers) to school.

In discussing the EILEEN FISHER clothing produced in factories, EILEEN FISHER once again follows the same path as Prana in highlighting the familial aspects of their factory production. In the article titled *In India, Family and Factory*, The author Jenny VanAlstine, a member of the EILEEN FISHER advertising team, tells the story of a weaving factory, owned by the Jain family of Ludhiana, India. The story depicts the Jain family as hard working entrepreneurs who were struggling to keep their textile

business afloat. Although their business begin to grow, they still could not afford to send their children to a university abroad, so Mridala Jain sold her gold bangles so that her son Amit could study in Kentucky. Upon his graduation, he returned to his family's business in India, convinced his parents to take out a loan, and from there the business burgeoned.

According to the article, the factory is also dedicated to social responsibility as it employs environmentally-friendly practices and complies with SA800; therefore, it is also reflects the values of EILEEN FISHER. The article concludes with VanAlstine weaving together the efforts of EILEEN FISHER and the factory:

A weave of the past and present, these scarves start with our designers in New York, travel to a city north of Delhi and return. It's a cycle that starts with a timeless concept and an ancient craft, and returns modern and new (eileenfisher.com)

Just as in the case of Prana, EILEEN FISHER customers not only know that their products were made ethically, but they also have an idea of exactly where they were made and by whom. Incorporating the element of family again creates the idea of ethical consumption benefiting producers and linking consumers to a larger global community, creating one big global family brought together by ethical consumption.

However, while these narratives seem to connect producers and consumers in a way that shows consumers how their ethical purchases are helping to improve producer livelihoods, the consumer only sees select details of production. In addition, the idea of a community and familial production site is also prevalent in Company X's campaign; however, the sites of production (cooperatives vs. factories) employ different organizational structures, particularly regarding property ownership. As I have argued in this thesis, the cooperative structure is more beneficial for producers or "producer

communities,” but without this information regarding the social relations of production, the connection is incomplete. Therefore, the commodity fetish, discussed earlier in this chapter is still very much intact, and the discourse that promotes ethical consumption gives the commodity fetish an added dimension.

4.9 Re-working the Fetish

Through this analysis, we have seen that the discourse surrounding fair trade textiles maintains the commodity fetish by 1) failing to address the transformation in production that has facilitated the participation of large companies such as Prana and EILEEN FISHER, and 2) by using the themes of gender empowerment and protecting the environment to create the following pro-ethical consumption narratives: power the individual, moral commodities, gender unity, and community connections. At this point, we can now address the reason why these narratives are problematic, and to do so, we will look at how commodity fetish is re-worked rather than removed through ethical consumption discourse.

Companies such as Prana, tell stories about the successes of fair trade producers in order to prove to consumers that their purchases are making the world a better place, yet at the same time, the capitalist social relations under which the products are produced are not disclosed. As I discussed in Chapter 2, the textile cooperatives provide a more advantageous production arrangement for the producers, largely because of their status as shareholders. But by leaving this information out of the discourse, fair trade- specifically FTUSA- has managed to create a seamless transformation of fair

trade textile production by portraying the incorporating factories into the supply chain as a positive strategy to reach more producers.

This move favors the expansion of scale over its mission to improve the livelihoods of economically marginalized producers. In other words, the standards for fair trade textile production have been diluted in order to facilitate greater corporate participation by large clothing companies such as Prana and EILEEN FISHER. Yet, this information is not disclosed to the consumer, which prevents the fair trade discourse from forging legitimate connections with producers and the production process.

But if fair trade fails to bridge the gap between producers and consumers, what is the ethical consumer actually supporting? A variety of fair trade observers argue that even though fair trade does disclose certain details of production, ethical consumers are in reality purchasing a moral lifestyle along with membership into an ethical, albeit class-based, consumer community based on individual consumption choices (Carriere 2010, Goodman 2004). However, because of the grey area that remains between the producer and the consumer, many observers claim that instead of removing the commodity fetish, fair trade actually re-works it by creating a mythical connection between producers and consumers based on selective details of production (Doane 2010, Carrier 2010, Marston 2012). In this sense, morality (or the illusion of morality) also becomes a commodity, available only to affluent consumers.

In the analysis of Prana and EILEEN FISHER, the relationship between consumers and producers is created by the fair trade discourse and embodied in the garments produced by each company. Because the discourse leaves out key information and creates mythical narratives regarding fair trade textile production, the approaches

taken by Prana and EILEEN FISHER have not challenged the fetishism of commodities. Instead, they merely add a layer to the fetish by using superficial information to create an imaginary link between consumers and producers. By doing so, Prana and EILEEN FISHER contribute to the fair trade discourse that promotes ethical consumption as a viable solution to alleviating the poverty of the global labor force, even though it fails to address the capitalist social relations of production, which lie at the core of labor force exploitation (Fridell 2007b).

Conclusion

By examining the discourses of Prana and EILEEN FISHER, we have seen how large corporations are able to facilitate their entry into the fair trade niche market by creating positive discourses, centered around the power of the individual, moral commodities, gender unity, and community connections. At the same time, these discourses have purposefully omitted significant information regarding the current transformation in fair trade textile production, particularly, the implications of FTUSA's Apparel and Linens factory certification program. Therefore, the knowledge created by the powerful ethical consumption discourse is weak, as is the overall connection forged by an ethical purchase.

This weak connection certainly limits the overall potential of ethical purchases to benefit marginalized producers because it ignores the restoration of capitalist social relations of production, carried out by the incorporation and certification of fair trade factories. As demonstrated in Chapter Two, the restoration of capitalist social relations between wage laborers and capitalists places the producers in a more vulnerable and

precarious situation. Yet, if this aspect of the transformation in fair trade textile production is absent from the discourse, how is a consumer to understand these nuances?

Finally, the purpose of this analysis is not to deter people from making efforts to lead a more moral lifestyle, trying to forge connections with others across the globe, and overall attempting to be more engaged citizens. However, it does seek to caution consumers from literally buying into the idea that ethical consumption is an effective way to achieve any of these objectives because the vague and incomplete information used in the marketing of ethical products fails to acknowledge the exploitative capitalist social relations, which are largely responsible for the labor abuses that fair trade originally sought to eliminate.

CONCLUSION

From this analysis, we can draw four main conclusions. First, in terms of production, it is property, rather than wages, that leads to producer power. As demonstrated in Chapter Three the producers in cooperative B had much more power in the decision-making regarding production including pricing, and the distribution of profits. As cooperative members, they are not subject to exploitation or abuse and they have very high job security since they are the shareholders in the cooperative. In contrast, the fair trade factory workers are guaranteed living wages and safe working conditions but because they are merely wage laborers with no ownership of the factory, they do not control the conditions of production. Rather, they are at the mercy of capitalists, auditors, and FTUSA, and perks such as fair wages, and safe conditions are privileges that can be taken away at any time. Therefore, because the cooperative members have ownership of the means of production, they are in a more powerful position than the fair trade factory workers.

Second, fair trade is a movement wrought with contradictions. On the one hand it is driven by a mission to improve the livelihoods of marginalized producers in the global South. Organizations such as the FTF work with small-scale producer cooperatives in order to create economic opportunities for these producers in a Polanyian spirit creating direct trading partnerships built on trust and proximity (to the extent possible). As demonstrated in the case of Company X and Cooperatives A and B, these trading relationships can be successful, at least for a period of time. However, fair trade's inherent contradiction is its capitalist market orientation, which is accompanied

by competitive pressures to increase in scale, even at the expense of sacrificing its commitment to producers.

Third, the expansion in scale of production requires a transformation in the social relations of production, resulting in a shift in property ownership from cooperatives to capitalist (s). In order to produce on a large scale and entice corporations to participate, the profits must be concentrated in the hands of capitalist (s) rather than shared by the producers. This change is necessary in order to allow the corporation or factory to engage in expensive large-scale production and still remain profitable and competitive.

Fourth, in order for ethical consumption movements to successfully compete in the capitalist market, ethical products must be produced and consumed on a large-scale. Therefore ethical movements and their participating companies must cultivate a massive, loyal, consumer base. To do so, fair trade and ethical companies alike employ the ethical consumption discourses promoting the power of the individual, moral obligations, gender unity, and community connections. Through these narratives, fair trade cultivates a loyal ethical consumer base, eager to change the world through their individual consumption choices. These messages remain consistent whether they are transmitted by small retail fair trade companies, such as Company X, or large transnational corporations including Prana and EILEEN FISHER.

However, the fact that the change in scale of production results in the shift in property rights from producers to capitalists, is not divulged to the consumer. This deliberate omission reinforces the idea that the more fair trade goods you buy, the better the world will be, when in fact, the true beneficiaries of ethical purchases are the

ethical consumers, who purchase a higher sense of morality, and corporations, who are able to participate in a diluted version of fair trade but reap the benefits their new image as an ethical corporation.

Finally, with these conclusions in mind, it is imperative that we seriously question the potential for ethical consumer movements to deliver benefits to producers over a long period of time. The cases of Company X and Cooperatives A and B demonstrate that on a small-scale, it is possible to create more equitable trading relationships, due to cooperative ownership of production. In addition these relationships provide a contemporary example of a Polanyian socially embedded trading partnership that is at least based on familiarity and trust, although it lacks proximity.

But because fair trade has responded to competitive pressures to increase in scale in exchange for a less beneficial production arrangement for the producers, it puts the legitimacy of the movement into question. After all, if competitive pressures remain present, and fair trade continues to respond by diluting the benefits it provides to producers, then its future potential to help the environment and producers (land and labor) is less than promising. However, since this transformation in the textile sector is so recent, more research is needed in order to gauge the long-term effects of this expansion in scale of production.

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APPENDIX A INTERVIEW QUESTIONS

Interview Questions: Company X

1. How did you learn about women's cooperatives?
2. What, if any, features of cooperatives have you noticed?
3. What challenges and or advantages exist as a result of working with the cooperatives as opposed to mainstream factories?
4. Does using cooperatives inhibit or promote growth? How so?
5. Are cooperatives important to the fair trade movement? How so?
6. Is fair trade certification/labeling in need of more of less regulation?
7. What do you see as future challenges and success of the fair trade movement?
8. What, for you, are the implications of the mainstreaming of fairtrade apparel?

Interview Questions: Cooperative A and B Administration

1. Between the following three leadership styles, which most closely resembles how decisions are made? Does this cooperative engage the workers in the decision-making process?
 - Democratic Leadership (i.e., the leader makes a final decision based on majority vote of the team),
 - Participative Leadership (i.e., the leader listens to the team's input and takes it into account before making a final decision),
 - Autocratic (i.e., the leader alone makes a final decisions based on his or her perceptons of what is best for the situation and team)
2. Why or how so?
 - What, if any, are the main advantages and disadvantages to cooperative production?
 - Will the new mainstreaming initiatives launched by FairTrade USA have any effects on cooperative production? If yes, how so, and if no, why not?
 - What do you see in fair trade's future in regards to mainstreaming efforts?

- Can you describe the relationship with between the cooperatives and the North American/European buyers? In your opinion, is the partnership relatively equal? Does it differ from a conventional trading partnership? How so?