



## Just Certification

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### **ABSTRACT**

Through the justice principles –equality, time, status, need, efficiency and worth– developed by Jon Elster, we show in this article how fair trade certification for producers is legitimatised by stakeholders.

Based on a field investigation with coffee growers in Peru, Ecuador and Bolivia and with fair trade organisations in the North (Max Havelaar/FLO, Andines and Artisans du Monde), the analysis firstly reviews just certification according to the impersonal criteria of “mechanical” justice, such as equality, time and efficiency. The second section looks at more individualised criteria such as the status, need and worth of the beneficiaries. Finally, it determines in what way fair trade is really a mixed bag, one which calls upon different principles of justice to justify what it is out to accomplish.

The main result of the analysis is that fair certification granted to producer organisations is not being distributed according to a unique system of justice based on just one criterion. On the contrary, fair trade is a complex and hybrid bag that uses different components from each distribution procedure.

**Key Words :** Fair trade, certification, principles of justice, Elster

### **RÉSUMÉ**

À travers les principes de justice – égalité, temps, statut, besoin, efficience et mérite – développés par Jon Elster, cet article montre de quelle manière la certification du commerce équitable pour les producteurs est justifiée par les acteurs.

Basée sur une étude de terrain auprès de caféiculteurs travaillant au Pérou, en Équateur et en Bolivie, et auprès d’organisations du commerce équitable au Nord (Max Havelaar/FLO, Andines, Artisans du Monde), l’analyse traite en premier lieu la juste certification selon les critères impersonnels de la justice « mécanisée », comme l’égalité, le temps et l’efficacité. La seconde partie porte sur des critères plus individualisés comme le statut, le besoin et le

mérite des bénéficiaires. Enfin, il s'agit de voir en quoi le commerce équitable représente une configuration mixte, faisant appel à différents principes de justice pour justifier son action.

Il découle de l'analyse que la certification équitable octroyée aux organisations de producteurs n'est pas distribuée selon un système de justice unique, relevant d'un seul critère. Au contraire, le commerce équitable fait appel à une configuration complexe, hybride, utilisant différents éléments de chaque modalité de distribution.

**Mots clés :** Commerce équitable, certification, principes de justice, Elster

**JEL Classification :** O2, D63, L31

## **INTRODUCTION**

Fair trade is claimed to be part of the sustainable development movement given the emphasis it puts on an alliance of economic efficiency and social justice. Accordingly, one of the major challenges facing this form of trade is to ensure that producers benefit from “just certification,” in other words setting the craftsmen and farmers involved in it apart from those who remain in a conventional approach. In fair trade, just certification relates to the choice of beneficiary countries, production chains as well as producer organisations. This subject is crucial for the development of fair trade, for to the extent that the certification can be demonstrated to be “just,” fair trade will enjoy general notoriety and the support of convinced consumers.

The term “certification” is especially in vogue with advocates of labelling such as FLO (Fairtrade Labelling Organizations International). The labelling people use classical market structures. The importers and distributors do not specialise in fair trade, but contribute to the activity of the conventional marketing chain. On the other hand, the advocates of specialisation, such as Artisans du Monde and Minga in France, feel that all stakeholders should be part of the “fair” market exchange process. Less concerned with the ideas of standardisation and contractualisation than the labelling people, they are quick to use expressions such as “partnership agreement” to describe the relationships they enter into with selected producers. The idea of selecting producer organisations is nevertheless identical for both groups. In this article, the term “certification” is therefore intended to mean “selection of the producer beneficiaries of fair trade.”

In keeping with the thought of Jon Elster (1992), selection is a procedure involving comparison between individuals or groups of individuals that can produce a prioritised list enabling distribution of a scarce good (or a burden) until stock is depleted. In that respect, it

differs from acceptance—a comparison between an individual or group of individuals and a threshold to be achieved for the obtaining of a good—and of the placement—allocation of a good that is not scarce and of which there are many of a kind, according to the needs of each one. Fair trade certification fits in well with this pattern. Certification is hard to come by because all producers applying for certification do not get it, essentially because of the tightness of the fair trade market. Those in charge of certification are concerned with disposing of goods bought under fair trade conditions and not prompting too sharp a level of competition among certified producers. Therefore only some producer groups get certification.

In this sense, “fair certification” turns out to be a bedfellow of its corollary, “fair exclusion”: “This dimension presents both a paradox and a challenge for solidarity trade organisations: exclusion is a necessity. Indeed it is, at least if the notion of exclusion is included in its generic sense and linked to the necessity of applying usage restrictions. . . . To that effect, stating that exclusion is a necessity does not in any way invalidate the relevance and value of the solidarity trade approach. Recognition of this point simply leads to stating a requirement for clarity and democracy in the setting up and implementation of the exclusion mechanisms. Ultimately, the ethicalness of solidarity trade experiments, far from holding to an impossible refusal of exclusion, actually springs from the ability to assume the necessity of exclusion and the ability to manage its mechanisms in accordance with the stated objectives” (Gonzalez, Linck, Moguel, 2003: 34).

The foregoing describes the process by which fair trade players in the North select potential beneficiaries of fair trade.<sup>1</sup> “Just certification” is indeed a scarce commodity, indivisible and one of a kind: Not all applicants can obtain it; certification cannot legally be shared; fair trade certification is like any other (within the same market). So the challenge resides in distinguishing the criteria of justice that come into play to justify certification for one producer group to the detriment of another group. Jon Elster’s theory of local justice is interesting for our purpose to the extent that local justice is an inductive justice, based on empirical facts, whereas global justice is more deductive, coming from applicable philosophical theories at the international level. In this sense, Elster’s theory appears to be particularly relevant to explain positions taken by individuals, much more than the theories of Rawls or Nozick (Rawls, 1971; Nozick, 1974).

Elster (1992) feels that the justice principles or criteria used to implement or legitimatise its distribution are limited in number and are not necessarily mutually exclusive.<sup>2</sup> Examples: equality, time, status, need, efficiency and worth.<sup>3</sup>

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<sup>1</sup> We must not forget, however, that some Northern stakeholders, such as FLO, are partly managed by Southern producers, taking part in political decision-making for instance.

<sup>2</sup> Jon Elster does not hide his intellectual debt to Klitgaard (*Choosing Elites*), Aaron and Schwartz (*The Painful Prescription*), Calabresi and Bobbitt (*Tragic Choices*), each of whom dealt with case studies highlighting application of the principles of local justice. Elster illustrates his line of thinking with examples taken from various fields: allocation of organs for a transplant, admission of students to university, selection of workers for retirement or unemployment benefits, etc.

<sup>3</sup> At the individual level, one’s talent (physical or social capacities), social or cultural background could be added.

The article is divided into three sections. We will first focus on analysing just certification according to the impersonal criteria of mechanical justice, such as equality, time and efficiency. We will go on to use more individualised criteria such as the status, need and worth of the beneficiaries. This classification is unique to this paper. We feel that it lends itself to highlighting the *local* characteristic of justice at work, focusing on processes and persons. Finally, we will determine in what way fair trade is really a mixed bag, one which calls upon different principles of justice to justify what it is out to accomplish.

## **METHODOLOGY**

This article is based on the findings of a doctoral research study of fair trade and fair distribution (Diaz Pedregal, 2006 and 2007). In this setting, different phases of field investigation took place between 2002 and 2006 with coffee growers in Peru, Ecuador and Bolivia and with fair trade organisations in the North: Max Havelaar (FLO), Andines and Artisans du Monde. During the time period involved, over a hundred interviews were conducted with coffee growers, international purchasers, members of NGO's, FLO representatives on field mission and, of course, members of certifying agencies in Western countries.

A systematic review was made of the internal documents of certifying agencies. The methodology used in this article is rather deductive: the criteria of local justice proposed by Jon Elster are examined in the light of the fair trade reality. In fact, in analysing the material, the meaning that individuals give to what they are doing was looked at with special attention (Mintzberg, 1979), the challenge being to understand the manner in which individuals justify their choices, the arguments behind their selection (Boltanski, Thévenot, 2006). It was found that individuals tend to justify their actions in terms of justice and fairness. It therefore appeared relevant to order their justification on the ground of Elster's theory. Although literature on fair trade is starting to become relatively plentiful (Cary, 2004; Opal, Nicholls, 2005; Reynolds, Murray, Wilkinson, 2007; Ballet, Carimentrand, 2007), the issue of justice in this trade has not been dealt with to any appreciable extent (Béji-Bécheur, Diaz Pedregal, Ozcaglar-Toulouse, 2008). This shortcoming prompted us to think this matter through.

Lastly, the position of each stakeholder has to be kept in mind. It is based on the Jon Elster classification of primary, secondary and tertiary stakeholders (1995), inspired by the research of Calabresi and Bobbitt (1978: 19). The primary stakeholders whose job is to define the amount of the scarce commodity to be distributed are the consumers of the North. "Activist" consumers are especially sensitive to the issue of fair-mindedness, whereas "conventional" consumers want a quality product and have a greater focus on efficiency (Ozcaglar-Toulouse, Shiu, Shaw, 2006). It turns out that the way in which the fair volume, at least in part, is distributed may also determine the amount of the distribution: activist consumers show themselves sensitive to the fact that distribution must be as fair as possible, and say they won't buy a fair trade product if they don't feel they can agree with the selected distribution—even though, in practice, they are quite at ease with fair trade organisations in the North.

The secondary stakeholders who set the standards that determine how the scarce commodity is distributed are by and large the fair trade organisations of the North. As far as FLO is concerned, it puts the emphasis on efficiency because this federation operates on the basis of large volume marketing. It has to be sure that the commodity chains have at least a modicum of profitability in order to survive. As we will see, Artisans du Monde operates in the volunteerism mode and is therefore less concerned with the efficiency criterion. Other stakeholders in the specialised sphere such as Andines are also sticklers for fairness. But their economic survival is very finely balanced. As for the political people, they dole out subsidies in hopes of seeing the efficiency criterion prevail in their approach.

Finally, the tertiary stakeholders, those getting a spin-off from the commodity, are the producers of the South. There is no consistency in their approach as some are out for efficiency in trade—getting the best possible price—while others are more out for fairness, i.e. a “fair price.”

This article will focus mainly on the points of view of secondary stakeholders, given their role in defining the rules of fair trade certification.

## **I. THE APPEAL TO THE IMPERSONAL CRITERIA OF JUSTICE**

### **1. Equality**

Equality is the distribution of an equal amount of a scarce commodity among different people. Jon Elster (1995: 155) feels that in modern societies, “equality is the determining factor in many distribution situations” and “to the extent that equal distribution is possible, any deviation in relation to this principle must be justified.” Seven different reasons may justify a deviation from strictly equal distribution: 1) the scarce commodity is indivisible; it has to be given to someone or no one will have it; 2) achieving a balance may be more efficient than strict equality (for example, in doing housework, it is more efficient for each individual to do one specific job than to chip in on all the different jobs); 3) some individuals are not so able to turn a commodity into something useful for their well-being and require an increased amount of the commodity to achieve an acceptable level of well-being (disabled persons); 4) there is no sense in exacting strict equality between levels of individual well-being in real life; 5) inequality can be positive when it increases the quantity of the commodity to be distributed; 6) inequality is sometimes deserved; 7) accepting inequality for the distribution of one commodity can preclude emergence of inequality for another commodity (Elster, 1992: 204).

Although equality is a criterion that is easy to meet when a commodity such as money is divisible, it is appreciably less so for a scarce commodity such as fair trade certification. Indeed, as far as fair trade is concerned, the way in which the amount to be distributed—the fair trade benefit in this case—has considerable influence on the amount of this distribution, which amount is determined by the consumers. For instance, if we describe as “fair trade” a business in which the fair benefit goes first to private multinationals, we could reasonably predict that the sale of goods from such trade would be less than that of current fair trade. Thus, as Philippe Van Parijs (1991: 169) remarks, “if the size of the cake is given, it may be

purposeful to distribute it equally among all. But if the size of the cake is dependent on how it is divided up, it may be that equal sharing . . . due to a lack of adequate material stimulation in preparation of the cake, eventually means everyone only gets a few crumbs of the cake.”

Furthermore, it is not possible to distribute fair certification among several organisations, because it is closely governed by the form of the certified organisation. Two equalitarian alternatives would then be conceivable: either awarding the precious commodity by a drawing of lots so that everyone has an equal chance of getting it or sharing it on a rotation basis. With regard to fair certification, awarding by a drawing of lots has never been adopted in practice. Although this idea seems incongruous for fair trade stakeholders, a decision-making process along these lines is mathematically just. Elster (2001) recommends that it be used in a number of situations: “either where the stakes are minimal or, on the other hand, where a crucial decision is involved and there are no cognitive means available to weigh all the alternatives and the consequences thereof . . . or if, in the case of child custody [when the parents are separated], when the opportunity costs of finding an optimal solution make it preferable to adopt a simplified procedure, such as a drawing of lots.”

However, similar to a child custody case, in the case of fair trade and the “just” distribution of benefits, there is no finite number of possibilities (redistribution to each individual, capitalisation or community help), but a multiplicity of possible combinations and weighting factors. In this case, a drawing of lots cannot determine the optimal decision to be made. It is only a partial solution that enables a decision to be made on the basis of pre-established choices.

As for rotating certification, this approach has been given serious consideration by some organisations in the South. Limiting the duration of the fair trade benefit by using a system of entering and leaving fair trade would enable producer organisations to tap on and off the benefits of this form of trade. Marlike Kocken, in charge of the European Fair Trade Association (EFTA), argues that “numerous studies point out the need to bring a gradual end to current relationships with producer groups that are performing well. Such disengagement would open the door to supporting new groups and thereby enabling a greater number of producers to benefit from fair trade.”

Empirically, it seems quite improbable that such a measure would be adopted, notably for commercial reasons: in the labelling sphere, no conventional industrialist would want to endanger his investments by regularly changing supplier and thus be confronted by variations in product quality and commercial habits (change of negotiating partner, mode of communication, etc.). Similarly, in the specialized sphere, the trust relationship between importers in the North and organisations in the South would be placed on very shaky ground. The idea of rotating certification is seen to conflict with practices based on trust.

The principle of equality (or equalisation of chances) is only weakly supported by fair trade NGOs and industrials because it assumes that a similarity of initial living conditions among producers can be envisioned. In real life, producers or producer groups are not of the same socio-cultural background, they do not enjoy similar natural endowments or identical access to the physical, communicational and institutional facilities of their country. The quest for egalitarianism must therefore not be absolute lest it lapse into totalitarianism: “There is a

difference between changing things so that all individuals are treated as equals and changing individuals to make them all equal” (Kymlicka, 1997: 175). It is therefore important to consider individuals as equals in law but not to try to make them equal in practice as far as their natural and social endowments are concerned. Maintaining absolute equality in the choice of fair trade beneficiaries seems in fact to be unachievable.

## **2. Time**

A second criterion for legitimatising the distribution of fair certification is time. In our context, time is the waiting period for a scarce commodity. It can be considered as a criterion of justice because it is an egalitarian measure: time passes in the same way for everybody. Thus, time can be considered as a concrete form of equality and leads to the question: “equality of what?” (Sen, 1992). Thus, little can be said about time as a criterion of justice because it refers directly to equality, as we developed earlier.

In fact, fair trade stakeholders in the North (FLO, Artisans du Monde) are quite prepared to use the time standard in selecting organisations to receive certification. Up until the 1990’s, producer organisations involved in fair trade were not selected on the basis of stringent standards and were rapidly certified because there was little competition in this area. Now, because of the increasing number of fair trade certifications, organisations that meet the standards of fair trade don’t automatically receive certification when the market for which their goods are intended is already saturated. Stakeholders in the North confronted with surplus merchandise to sell have to put organisations approved for certification on “waiting lists.” Each organisation has strictly the same rights as the others in this list. They have to wait to be certified. That is why time can be considered as a justice criterion.

Time is used as a criterion of justice because it is an egalitarian criterion. But there is more. Specialised fair trade players such as Andines stress the importance of the time needed prior to undertaking commercial dealings with a “partner” from the South, claiming that this time lapse enables the importer and producer group to get better acquainted with each another and build a “relationship of trust.” Passing time with a partner can build trust and enables fair trade exporters to become better acquainted with their suppliers.

Direct human contact often proves to be a determining factor in hastening the certification process. When the meeting is properly conducted, this can lead to a better handling of the producer organisation’s application as well as to successful dealings with the business partners. In any event, rushing things makes for poor business.

## **3. Efficiency**

Efficiency is the level of return from allocating a scarce commodity to an individual. From the standpoint of efficiency, fair trade stakeholders in the North do not specifically scrutinize the individuals most likely to capture directly the fair benefit. Rather, fair trade proponents reason in terms of overall efficiency. Producers have a strong incentive to funnel part of their

fair trade benefit to community social investments: school or road building, putting up a health clinic, etc. “We encourage producer organisations to invest in some community work in order to have a stronger and more sustainable impact for all members of the community,” says a representative of FLO International. In this sense, all fair trade stakeholders in the North consider the criterion of overall efficiency to be much more important than that of local efficiency. The FLO organisation performs checks to see how fair trade funds are being used and assesses their degree of efficiency for the development of the local co-op fabric of labelled producer groups.

The compassion standard is especially near and dear to the specialised fair trade people. Based on this standard, a selection is made of cooperatives that are experiencing the most urgent need for liquid assets rather than those that have the greatest chance of “getting by,” that is achieving financial independence and becoming internationally competitive. While the specialisation sphere comes more under the heading of “charitable” support—a term that is challenged by its proponents—the labelling sphere banks more on the area of “efficiency” by working with organisations in the best position to make an early entry into the conventional market. However, there is no agreement among stakeholders as to how high to rank the efficiency criterion.

Indeed, the socio-economic situation of a small business owned by shareholders and employing a dozen or so people, some of whom are highly qualified, that has the wherewithal to develop a production catalogue on its own and market part of its goods in compliance with fair trade conditions to round out its turnover has little in common with that of a group of persons in a vulnerable or exclusion situation (disabled persons, street children, etc.), with little or no skills, who depend entirely upon fair trade to escape from poverty. As noted very legitimately by the Artisans du Monde Federation, there are two major risks in giving priority to the most marginalised producers: one is restricted marketing because of the low production volume and the other is exporting poor quality products. On the other hand, working with professional craftsmen makes it possible to market quality products as well as to develop relationships with middle class producers. Ruling on things this way is challenging as it results in a head-on collision of two justice criteria: need and efficiency. It also implies a direction or redirection of the objectives of fair trade stakeholders in the North. Indeed, if a fair trade organisation in the North decides to work exclusively with people in a situation of vulnerability, its objectives will be to set up social and educational activities, skills development mechanisms and means of promoting involvement in local organisations. On the other hand, if its outreach is geared to professional producers and craftsmen, the finality of fair trade becomes first and foremost a matter of economics and technology, which means strengthening a vocation or activity sector by working on certain skills or setting up links between stakeholders, notably those under state control.

Ultimately, most fair trade commodity chains are built as a function of established local necessities and the production potential of countries of the South (need criteria and principle of reality), but also as a function of the demand from consumers in the North, which comes under the efficiency criterion. Indeed, attempting to market goods for which there is no market potential is a loss leading practice for stakeholders in the chain.



## **II. THE APPEAL TO INDIVIDUALISED CRITERIA OF JUSTICE**

### **1. Status**

The status criterion has the greatest weight as far as fair trade advocates are concerned. Unlike Elster who uses the term “status” to characterise individuals—with reference to their age, gender or profession—we will use this term to describe this term in another sense. The status criterion involves two aspects of fair trade: choice of the country and choice of the type of structure benefiting from marketing under fair trade terms and conditions.

#### *1.1. Choice of country*

In France, since enactment of the Law of August 2, 2005, the designation “fair trade” is reserved to trade among producers of countries of the South and consumers of countries of the North. At this level, several ideas confront one another. For Max Havelaar (FLO) and Artisans du Monde, the issue of civil status has been clearly decided. Fair trade beneficiaries must live in particular regions: Latin America, Africa or Asia. In other words, fair trade is firstly reserved for beneficiaries in developing countries of the South. According to FLO:

“The notion of ‘marginalised producers’ refers to producers in countries where the national income level is so low that the said country has insufficient resources available to invest in improving the situation of its poorest producers or workers. In other words, fair trade comes into play where governments are no longer able to act because of the lack of national economic resources. Thus, in a country that has a high gross domestic product, producers that are challenged because of a poor redistribution of the resources may be unable to benefit from FLO support. This is the case, for instance, of migrant orange plantation workers in the United States.” (Max Havelaar France, 2004: 7)

From an analytical standpoint, these choices of “just certification” spring from a limited justice, in the sense where labelling sphere fair trade may successfully make up for economic misfortune (material poverty), but not geographic misfortune (poor although living in a rich country; not living near an already formed organisation; living on non-arable land), nor that linked to physical or cultural biological particularities (being a woman, disabled or belonging to a indigenous community discriminated against).

Furthermore, this definition of fair trade beneficiaries leaves some crucially important political aspects out of the picture. For instance, certain governments are unwilling to help their citizens attract international aid, including fair trade. Others have political regimes that are strongly authoritarian and therefore rule out the fair trade process. For instance, in Cuba and in former communist bloc countries, the government controls the entire production process, setting production quotas, selling seed and fertilizer to farmers and doing the buying up and exporting. Farmers are therefore not formed into local groups and are unable to engage in trade directly with the outside. At this time, fair trade can only fit into a dynamics of free trade and doesn’t work in a centralised state economy.

In the sphere of specialisation, the screening of selected producers is more lenient and personal, which also has as the corollary impact of making it less clear-cut and more

subjective. Artisans du Monde, for instance, does not have a systematised certification process. Certification is often obtained through personal contact or the urgent need felt by the beneficiary population.

“Historically, [fair trade] focused its immediate attention on countries of the South because we are an International Solidarity Association (ISA). . . . So we are actually focusing on Africa, Asia and Latin America. The choice of producers naturally takes place at that level, based on relationships established with people who were familiar with groups of craftsmen, farmers and associations, in those countries that were put in touch with an alternative trade association in France, with Tiers-Monde boutiques. . . . There is no specific targeting because we are getting many applications, especially at Solidar’Monde. Solidar’Monde receives between 200 and 250 partnership applications a year, with only 1 or 2 new partners approved during the year, and even that is not a sure thing. Some associations already have a fair trade stakeholder structure in place while others may be completely independent structures that do not have any linkage with a unified fair trade network and who want to come on board.” (Alexandre, member of the Artisans du Monde Federation, April 2005)

Artisans du Monde feels that the growth of fair trade in some countries of the South is problematic. Thus, the first fair trade partnerships in Chile dating back to the years 1975 and 1976 were in direct relation with the fight to return to democratic rule. But the current characteristics of Chilean society (a middle-income country, relatively high cost of labour, satisfactory performance of public services, etc.) now call into question the very purpose of fair trade. Is Chile still a fair trade “target country”? Artisans du Monde maintains that the organisation is more important than the country of selection:

“When goods from producer organisations are purchased from Brazil or Chile, it is very complicated because the goods are extremely expensive, on par with Europe. Equalisation payments are made on sales and profit margins are very limited. This is compensated by other goods from India or Bangladesh where the margin is bigger. So it ends up that the situation of the producer organisation is given consideration over the country itself.” (Alexandre, member of the Artisans du Monde Federation, April 2005)

Other entities want to see fair trade as an all-inclusive thing, encompassing all people without distinction as to geographic identity. This is the broad approach taken by Minga in France, considering that the beneficiaries of fair trade can be “from the North, South, East or West.” “Priority goes to partners in vulnerable situations, anywhere.” The objective is to “enhance the fair trade act of the producer, regardless of whether he is from the South or the North” (Bertrand, member of Minga, June 2004). For Minga, geographic, political or economic distinctions are meaningless. Looking at things this way tends to preclude any categorisation. But this approach is criticised because it does not fit in with an international solidarity vision. This brings two fundamentally divergent approaches to fair trade into

conflict with one another: the first involves giving priority to providing development aid to economically disadvantaged persons (Artisans du Monde, Max Havelaar France); the second aims to improve justice in all trade transactions in the world (Minga).

Although the beneficiaries of fair trade are so diverse (small-scale organised farmer producers, groups of artisans, unionised plantation workers, etc.), fair trade brings together a multiplicity of practices that respond to different models of justice. Some would like fair trade for everyone in the commodity chain, including the transport and distribution people. Others prefer to centre their initiative on the producers, who are seen as the most disadvantaged in the chain. The building of tension among the stakeholders claiming to be “the” fair trade practice in countries of the North and South can be understood.

### *1.2. Choice of structure*

Although producer organisations can take on various legal forms (association, cooperative, *coraca* in Bolivia, *ejido* in Mexico, etc.), economically disadvantaged farmer producer or craftsmen organisations are given priority when granting fair trade certification. Indeed, in the realm of development, a beneficiary is a group of persons targeted to receive the benefit of an aid initiative or program. This means that processors or distributors in fair trade chains are not considered as beneficiaries, even though they are profiting indirectly from the growth of fair trade as far as the economy, media or other area is concerned, since they are not part of the “target group.”

Again, divergences are appearing between fair trade stakeholders in the North. The Artisans du Monde Federation (2001) makes a distinction among several types of beneficiary producer organisations: producer cooperatives or associations, micro-enterprises, social business concerns, NGO’s, middleman marketing organisations and organisations of marginalised persons (women, disabled persons, etc.). Of course, such organisations do cover extremely diversified social and economic realities, since some of them operate as representatives of the producers (associations, cooperatives, federations, etc.), others employ producers or provide a marketing service for their products (family shops, micro-enterprises, exporting companies, etc.) and still others provide support to producers in need (NGO’s).

FLO does not work this way. The labelling agency makes a distinction between farmer producer cooperatives and associations, structures that depend on paid labour. In reality, FLO first developed a set of specifications for small-scale producer organisations and then extended its selection criteria to groups of unionised employees in the agriculture field to certify products such as tea and bananas. To assess the level of development of the organisations, FLO endeavours to highlight three types of criteria:

“Three major categories of data are scrutinized. The first is the productive capacity of the organisation: level of production, size of operations, level of mechanisation, etc. The organisation’s geographic location is also considered, as it enables analysis of access to the infrastructure and services of the country (transportation, education, health, banking service, etc.). An organisation located outside the major economic centres is penalised even more. Ultimately, particular attention is given to the community component of the organisation. Thus, the indigenous communities of Latin America or the untouchable cast in

India are ‘structurally’ disadvantaged populations within national spaces.”  
(Max Havelaar, 2004: 7)

Thus, while the Artisans du Monde Federation puts emphasis on the status of the production structure (cooperative, association versus micro-enterprise), FLO insists on the level of ownership of the worker (small-scale owner versus employee).

The purpose of fair trade is to help producers upgrade their standard of living. But we may wonder about its capacity to generate a system of exclusion and differentiation between beneficiaries and others. Indeed, both in theory and in practice fair trade snubs most partners from the South. Either in fact or in law, organisations in the South that are too weak to meet the fair trade requirements, individual, non-organised producers, organisations in the South that cannot find international buyers (because of competition or poor product quality), producers living in dictatorial lands, citizens of mean or high GDP countries (according to Max Havelaar and Artisans du Monde), and anyone without adequate resources to produce and sell a product are excluded from this type of trade. Thus, at least in their statements, fair trade stakeholders in the North are limiting their ambition. They see that what they are doing is only one of various ways of alleviating poverty.

Up to this point, we have seen the importance of categorising organisations of the North in order to define the “beneficiary” status of fair trade. However, not to be overlooked are initiatives that producers in the South can take themselves in order to shape this definition to their advantage. This is made easier due to the fact that many producers in the South sit on fair trade organisations in the North, such as FLO, or in consultative agencies such as IFAT or EFTA. In the field, it is noted that some organisations are very capable of attracting international assistance. They are movers and shakers; they maintain a broad relationship network and know when the time is right to make overtures to their contacts. They have fine-tuned their arguments in order to garner the support of NGO’s. According to the president of a producer organisation in Peru: “In our organisation, we hired a professional marketing manager because we have to be active and professional to capture new market opportunities. It is now a necessity in fair trade.” Thus they enjoy financial resources and material assistance to a much higher degree than their competitors. Far from being passive structures, these beneficiary agencies or those aspiring to be have genuine clout and negotiating power in the face of organisations in the North. They know that fair trade would be dead without them.

## **2. Need**

Need is the situation of lack or awareness of a lack. It occupies an ambiguous place in fair trade. It is closely related to the issues of priority and urgency. Not a few fair trade activists and thinkers talk about the “urgency confronting many small-scale producers in the South, the urgency felt regarding their material situation, the urgency of getting out of it, of escaping it” (Cary, 2004, 145).

In this regard, Stéphane Chauvier (2002) makes a distinction between the “obligations of humanity” and the “obligations of justice.” Kant (1971) feels that the former are similar to

the “obligations of virtue.” They are obligations of urgency as in the case of helping someone who would die without outside assistance. The latter, according to Kant, are “duties of law,” that may become fixed when the situation is structurally unjust. In its overall approach, fair trade would come under the heading of “obligations of justice.”

The need felt by disadvantaged people is a standard that is given particular weight by Magasins du Monde in the specialised sphere. This group is prepared to market products not really suited to Western markets in order to support financially communities in the South. But labelling sphere supporters are also on the bandwagon. For the sake of need, described as “urgent,” activist stakeholders are fighting to take the “fair trade” name off of North-South trade.

In this perspective, producers in the South need fair trade more so than their counterparts in the North, as the latter enjoy social security, assistance and subsidies from their governments, while the GDP in countries in the South is too low to meet the needs of their workers. “No one’s dying of hunger in the European countryside. It’s not a matter of survival as it is in countries of the South” (Lecomte, 2003: 30). At this point, the justice of need criteria gets clothed in political rhetoric, as shown by this quotation from an interview with a Max Havelaar France representative:

“- You have to make a choice of who can be fair trade beneficiaries. Who are first on your list for assistance: Producers in the North, producers in the South or could it be both at the same time?

- Is the purpose of fair trade simply to make up for political shortcomings? Obviously, fair trade does make up for them. But if you consider fair trade merely as a tool to modify global trade practices and ultimately build policies, sets of rules and regulations, this is something that goes far beyond political mitigation.

In France, we have a blanket agriculture policy for producers. The State is strong. We have social security, retirement and regulating systems. If they fall short, how do you fix them up? Do we fix them from a political point of view or do we trust the consumer who will pay twice, first as a taxpayer, then as a consumer? Here we’re really involved in a political analysis. It’s not up to fair trade or solidarity trade to deal with the problems of producers experiencing difficulties in France. These are firstly political concerns and there are ways and means available. There’s provision in the European Union budget, there’s provision in the agriculture policy. There’s money around. The problem down the line is to see where it is put.” (Michel, member of Max Havelaar France, April 2004)

Max Havelaar France feels that the European Community subsidy system is poised to make up for the urgency of need of Western producers. And French farmers apparently enjoy a much higher level of advocacy at the WTO than farmers in the South. Their situation is deemed to be “far different” from that of Third World producers. For this reason, priority is given to poor country beneficiaries. That is why the FLO and the founding fair trade organisations channelled their efforts to these countries. “Fair trade is part of the North-

South relationship and North-South alone. If we refer to the solidarity standard of fair trade, 'working with the poorest of the poor,' it can be understood that this necessarily means producers from countries of the South. That is where the greatest urgency lies" (Lecomte, 2003: 31).

For other fair trade stakeholders such as the Minga people, the need of workers in the North is also considered. The difference in income between the richest and poorest citizens of a country is taken into consideration, not the absolute value as conceived by FLO. As far as Minga is concerned, priority is given to producers in the South as well as to workers in the North in vulnerable situations.

However, even if the scope of fair trade is reduced to countries of the South, it is soon noted that fair trade is not for *the most* disadvantaged population groups: The people who receive support are in the majority producers, i.e. people who are capable of producing something marketable for a market, albeit a protected market. It can be said with no exaggeration that fair trade is torn between its objectives of providing development aid to the poorest of the poor and market constraints: "The insertion of producer organisations in the export market requires a minimum of conditions that cannot obviously bring the poorest of the poor together, be it only in terms of capacity to achieve a production excess and get it on the market. . . . The requirement for quality goods, compliance with deadlines and delivery volumes, possible adaptation to new products, can likewise rule out the most disadvantaged individuals" (Daviron, Thirion, Vergriette, 2002: 27). "It is not a question of putting funds into organisations that have no reasonable hope of being economically viable, but rather one of supporting an economic development process that will make genuine emancipation possible. Our partners have to be organised in order to come up with the quantity and quality necessary to sell off their production and thus ensure the viability of their economic project. Thus, producers who are more disadvantaged, isolated, whose main preoccupation is day-to-day survival, cannot enable the development of their community through an 'economically viable project.'" (Greslou, Dhugues, 2001: 6).

The Artisans du Monde people select "vulnerable producers" on the basis of written applications forwarded to the Solidar'Monde purchasing cooperative. This involves a number of characteristics of the producers' structure: familiarity with the existence of fair trade, certifying agencies, procedures to be followed in order to achieve market recognition, etc.

Structurally therefore, the mechanisms of fair trade exclude the poorest of the poor. Fair trade has to be an ongoing series of compromises between economic sustainability and poverty alleviation. Some fair trade stakeholders in the North and South have come up with the idea of fair trade selling quotas as a function of the needs of the organisations and their members. Such a measure may have the drawback of bridling the economic efficiency of producer organisations because the least efficient groups would have priority over the highest quotas. Fair trade also automatically excludes organisations that do not respect basic human rights and organisations that carry on illegal trade activities. It supports organisations that have proven their compliance with a number of standards and, in this sense, are not expressing their *need* in the most audible manner.

Fair trade activists are aware of these limits. What they are saying is not based on “marginalised producers” or “vulnerable producers” rather than “the most disadvantaged” populations. And fair trade cannot be summed up in the adage “to each one according to his need,” given that it does not give consideration to the individual needs of small-scale farmers and artisans. In the South, it is up to the producer organisation to choose the procedure for distribution of the fair benefit appropriate to it: the money can be used to do things for the community or be paid back in full to the organisation’s members, notably as a function of the need of the individual member.

### **3. Worth**

Worth is the moral value proceeding from a person’s effort. It is undoubtedly the criteria most hallowed by fair trade stakeholders in the North. “Equity in distribution of the proceeds of a common enterprise means spreading out these proceeds in a way commensurate with the efforts put forth by the persons involved” (Van Parijs, 1991: 170). The worth criterion is relevant insofar as it offers an incentive system to get things done. Thus, fair trade labelling is granted to producer organisations exhibiting the ability to meet FLO requirements regarding a democratic operation, the absence of discrimination within the structure, the existence of commercial capacities, etc. Similarly, in the specialisation sphere, the meritocratic model is crucial to obtaining the partnership agreement, although it proves to be less strictly defined than in the other sphere. As we have seen, the relationship between the seller and the buyer is based essentially on trust that requires time to become established. The effort to get to know and understand the other, the trade partner, is considered as an act of worth. Thus, for both approaches, fair trade certification is granted subsequent to a selection based on worth. Only producers who have shown themselves up to the expectations of the people they are dealing with can benefit from the advantages of fair trade.

In the field, it is seen that many producer organisations in the South who sell according to fair trade conditions have received help at some point or another in their organisational history from a local or international NGO. Furthermore, a number of studies show that the current beneficiaries of fair trade are tending to shut the door on new members to their structure in order to keep the value-added from fair trade for a small number of individuals (Chauveau, Eberhart, 2002; Diaz Pedregal, 2006). Thus, fair trade comes across to some independent producers or producers in uncertified organisations as very unjust because of being confined to a beneficiary elite. Indeed, as pointed out by Policarpio, an independent producer interviewed in Bolivia in November 2003, “fair trade helps producers who are already being helped by an NGO.” A fair trade inspector goes so far as to admit on behalf of organisations now certified, that “there was work, yes, but more importantly, a lot of good luck” (Ignacio, fair trade inspector, September 2003).

More academically speaking, the term “worth” is not clearly defined: What characterises a worthy worker? The amount of time spent on the job, the intensity of the effort put forth, mastery of the skills required or the laboriousness of the job done? This takes us to the full limit of “just due” for the work.

### **III. FAIR TRADE: A MIXED BAG**

This analysis demonstrates clearly that in fair trade practice, fair certification granted to producer organisations is not being distributed according to a unique system of justice based on just one criterion. On the contrary, fair trade is a mixed bag, a complex and hybrid one that uses different components from each distribution procedure. Although a few constants show up for fair trade stakeholders in the North—for example, the status of producers in the South (organised producers) is an absolute prerequisite for getting fair certification—it is difficult for all of the stakeholders to come to a sound consensus on certification: Some insist on the efficiency criterion, while others prefer the need or time criterion. This results in a measure of ambivalence in the selection process for new fair trade organisations. Criteria such as need are also perceived differently by the stakeholders. Some feel that it involves the necessity of taking into account the immediate need of suffering populations; others focus on the betterment that the commodity will bring to the beneficiary. While one focuses on the situation of urgency, the second gives special consideration to the temporal dimension of fair distribution.

In concrete terms, promoters of specialisation tend to work with organisations that would flounder if it wasn't for the support of fair trade, while the labelling crowd prefers to select groups with the greatest chance of "making a go of it" on the world market. A third possibility that has not been encountered in the field is the systematic selection of producers who already enjoy considerable material advantages in order to maximise the "success" of fair trade. The players in the fair trade arena would therefore have three alternatives placed before them: (1) help those getting the shortest end of the stick, at the risk of minimising the efficiency of fair trade (the trend followed by Artisans du Monde and Minga); (2) favour the group the most likely to maximise the beneficial effects to be reaped from fair trade (the trend followed by FLO); (3) support the organisation most likely to achieve social and economic success. To put it bluntly, choice number one is based on compassion, number two on efficiency and number three on laziness (Elster, 1992: 93).

Taking a more in-depth, dynamic look at this analysis, it is noted that the criteria justifying the stance of the fair trade people differ over time. Most organisations in the North base themselves on the need criterion (countries of the South) and the status criterion (producer organisation) in forming groups of fair certification beneficiaries, followed by the efficiency criterion (consumption outlets), and the worth and/or time criterion when making up the final list of selected cooperatives.

However, while FLO puts particular emphasis on efficiency in granting or maintaining the organisation's accreditation, the specialisation sphere focuses more on the need criterion (certifying of organisations made up of disadvantaged minorities: women, disabled persons, indigenous groups) and the time criterion. This leads to a compromise system being set up and no "absolute" compliance with the criteria. A long time on the certification waiting list can sometimes make up for low marketing efficiency. "We try to give a chance to every producer group to get into the market by means of fair trade. That is why if a producer organisation is very involved in the process and waits for a long time to sell its product, we try to help him, even if the quality of the product varies a little or if the organisation is not able to sell large volumes. We discuss it in order to improve these points", explains a



member of Artisans du Monde in France. Equity solutions adjusted on a case-by-case basis for each organisation are proposed.

Finally, on the side of producer groups in the South, sharp disagreements have also arisen regarding the justice criteria expected to govern fair trade. Certain associations—usually the most economically sound—stand behind the FLO position, while the least sound ones prefer the way things are done by Magasins du Monde. A third position is insistence on the criterion of strict equality among producers (with emphasis on a uniform aid provision for all), as well as on the importance of free will in determining production and marketing conditions (no acceptance of any external constraint). In this case, producers are more in favour of fair certification based on an admittance procedure rather than a selection procedure. Producer groups get certification once they fulfil fair marketing requirements (in other words, comply with the specifications prevailing in the labelling sphere). Once the “threshold” (compliance with the criteria) is reached, certification follows. This is the most favoured position, as can well be imagined, by producers who are anxious to get into the fair trade circuit but who do not yet have certification.

## **CONCLUSION**

In conclusion, a review of the principles of justice that are called upon when determining just certification for countries, commodity production chains and producer organisations, reveals that there is no consistency whatsoever in fair trade beneficiary groups either in terms of status, level of economic need, size or country of origin.

To legitimize what they say and what they do, fair trade stakeholders are subject to a requirement of justification. They have to choose their criteria of justice. In a general way, the criterion of efficiency cannot be ignored in discussions about justice, as it represents the “principle of reality.” As for the need, it appears as a particularly meaningful way of affirming legitimacy in fair trade. But while FLO is trying to streamline the just certification process, Artisans du Monde is aligning itself with more flexible, personalised criteria. The stakeholders do not have the same priorities. Some have the primary objective of economic poverty alleviation, while others are more interested in promoting fairer trade relations at the international level. There are naturally nuances between the various positions taken by stakeholders. Therefore, criteria of justice are referenced with variable intensities.

We conclude from this analysis that justice in fair trade is a matter of priority, and thus choice. The criteria stakeholders put forth by way of justification can vary in time. Tensions between stakeholders are not linked to the existence or to the validity of a particular principle of justice, because all the stakeholders recognize similar principles of justice. The problem rather lies in the equity, i.e. in the respective weight to give to such or such principle, to reach a just certification. Equity of a just certification in fair trade is thus *per se* limited.

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