Yet beyond that, from a theological perspective, Christians ought to be able to offer even more. Although we must do all we can to attend to our infinite dignity and sadly finite existences, we must also know our need for grace and the hope of the resurrection.

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The Fair Trade Scandal: Marketing Poverty to Benefit the Rich

Ndongo S. Sylla
David Clement Leye (Translator)
Athens, Ohio: Ohio University Press, 2014 (179 pages)

This new book by Ndongo Sylla is an insider's critique of the fair trade model as practiced by Fairtrade International (FLO, or Fairtrade Labelling Organizations). (The book has been translated from French, and I found the translation to be quite readable and engaging.) Based on his own experiences working for FLO, Sylla seeks to point out the flaws in the fair trade system. As with most research about fair trade, Sylla's focuses primarily on the fair trade coffee initiative. In the fair trade coffee system, cooperatives of small coffee growers pay thousands of dollars to FLO to join the network and for compliance fees. In exchange for ethical production, the growers receive a guaranteed minimum price for each pound of their coffee sold as "fair trade."

In chapter 1, "On the Inequalities of the International Trade System," Sylla articulates what he perceives to be the inherent injustices of the current system of international trade. Sylla is rightly critical of the slanted trade policies faced by the world's poorest. His arguments here channel similar themes expressed by Stiglitz and Charlton in *Fair Trade for All: How Trade Can Promote Development* (Oxford UP, 2006). For Sylla, the poor cannot compete on a level footing with developed nations engaging in protectionist policies. Indeed, Sylla refers to policies such as the subsidies paid by the United States to its own cotton growers as a form of "dumping" (28). Sylla also notes that while the United States is relatively open to trade with already rich nations, it exacts the largest tariffs from its poorest trading partners. For example, citing data from the Progressive Policy Institute, Sylla observes that the United States collects more tariff revenue from Cambodia and Bangladesh than it does from England and France (31).

In the chapter, "The Fair Trade Universe," Sylla describes the origins of the fair trade movement as well as its current operations. Sylla's accounting in this section is first-rate. For starters, the author carefully distinguishes between the commodity-driven model practiced by FLO and the Alternative Trade Organization (ATO) model. While the FLO model provides modest price supports for common agricultural commodities produced in the FLO network such as coffee, tea, sugar, and bananas, the ATO model seeks to connect poor producers of unique products with consumers who would not otherwise find them. (Ten Thousand Villages is probably the best-known ATO.)

An especially helpful feature of chapter 2 is the author's classification of the work of FLO into four broad categories of activity: (1) sensitization (making the case for fair trade), (2) guaranteeing quality (ensuring that certified fair trade products have been produced under the advertised conditions), (3) organizing and building the capacities of producers (orchestrating production among various international sources), and (4) coordinating the movement (setting standards, setting prices, and disseminating information). Sylla concludes the chapter by describing the competition faced by FLO for its fair trade certified products from other forms of "caring" certification, such as Rainforest Alliance certified coffee.

In chapter 3, Sylla itemizes and critiques the prevailing "Controversies Around Fair Trade," noting that critics of fair trade usually evaluate it along five possible lines: (1) its distributive impact (whether the poorest benefit most), (2) its allocative efficiency (whether the producers create the most value), (3) the efficiency of its transfers (how much of the premium paid by consumers gets to poor producers), (4) its control systems (including corrections of abuses), and (5) its effectiveness relative to other strategies.

The most intriguing aspect of chapter 3 is its dismissal of nearly all assessments by mainstream economists that evaluate fair trade initiatives along the five lines given above. Sylla has no patience with arguments made by those he regards as blinded by their "neoliberal" ideology, insinuating that their body of scholarship as it regards fair trade cannot be taken seriously. He writes, for example, that "[n]eoliberal critics … lost a great deal of credibility when … they shamelessly and deliberately publicised alternative companies or approaches in what were presented as 'academic' documents" (71). In this section, Sylla ridicules what I regard to be several strong pieces of scholarship, including at least one that I cite in my book, *Fair Trade? Its Prospects as a Poverty Solution* (2010). Sylla is kinder to "neoliberal" critics when he likes the answers they provide. For instance, the author respects mainstream research that identifies unintended distributional consequences of the fair trade model.

In the subsequent chapter, which constitutes the heart of the book, Sylla makes his main argument: "Fair Trade is an unsuitable response to poverty in the South, as it very much relies on free market logic" (86). Although Sylla is no champion of the free market, his "Redeeming the Free Market as a Solution to Poverty: The Limitations of the FT Model" skillfully points out the flaws in the argument made by fair trade advocates that fair trade is a form of market-based justice and poverty reduction. First, Sylla accurately notes that the dollar amounts guaranteed to growers, whether in the form of the guaranteed minimum price or the social premium, are simply not determined by market forces. Instead they are rather arbitrarily determined, as evidenced by FLO's recent doubling of the social premium paid per pound from 10 to 20 cents. The social premium is intended to be used for projects in villages and is paid regardless of whether the market price of coffee is above or below the minimum price per pound guaranteed for fair trade coffee. At the same time, fair trade prices and premiums cannot be so high that they significantly reduce the willingness of northern consumers to purchase those coffees at retail. Thus the viability of the fair trade system demands that it appear generous to the poor, but it cannot afford to be too generous.

Beyond this, Sylla brings the dirtiest secrets of the fair trade movement into the light. For example, and as I also point out in *Fair Trade?*, there is no guarantee made to certified growers that they will be able to sell 100 percent of their fair trade harvests to their partner buyer(s) on the other side of the market. Fair trade importers are under no such obligation. Consequently, growers in the fair trade network dump vast quantities of their coffees each year into the conventional coffee market. Under such circumstances a cooperative's significant investment in joining the fair trade network must be viewed as a speculative investment opportunity and, like any other, it may or may not pay off over the long term.

To close the book, Sylla uses the fifth chapter, "Looking for the Global Impact of Fair Trade," to assess whether fair trade is making a difference in the lives of the poor it claims to help. Again, though no free trader, he levels indictments similar to those I make in *Fair Trade?*.

Sylla concludes that fair trade is not helpful to its intended beneficiaries on balance. Referring to data presented earlier in the book, Sylla contends that poor nations simply cannot grow rich in a global economy if they remain shackled to commodity-based production that requires few tools and little skill. As a result, fair trade cannot be counted on to bring about lasting progress. Instead, he argues that poor nations achieve sustainable progress when they invest in a broader range of economic activities. He also notes that fair trade partnerships do not take hold in the poorest nations; instead the greatest shares of fair trade goods are produced by precisely those who are already positioned to produce high-quality coffees at low cost. In short, FLO is not going out of its way to provide assistance to those most in need of it. To make matters worse, most of the revenue from fair trade coffee simply does not end up in the hands of the producer organizations. Sylla claims that "for each dollar paid by American 'consum actors' to purchase an FT product, 3 cents of 'additional income' are transferred to the South" (125). Of course, the rest of the fair trade network has no good reason to trumpet these meager results: The earnings of FLO, its for-profit importers and roasters, and commercial outlets all depend critically on the volume of fair trade sales.

Because of the book's antimarket flavor, it reminds me of Fridell's 2007 book, *Fair Trade Coffee: The Prospects and Pitfalls of Market-Driven Social Justice.* Fridell is no fan of fair trade either but would prefer to see a return to the heady days of a strong International Coffee Agreement—an arrangement that established a production quota for each grower nation in an effort to artificially boost world prices.

The Fair Trade Scandal, as well as Fridell's book, would make excellent reading for those who have read arguments such as my own regarding the ineffectiveness of fair trade yet remain skeptical. Although written from diverse perspectives, none of these analysts has much good to say about fair trade.

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